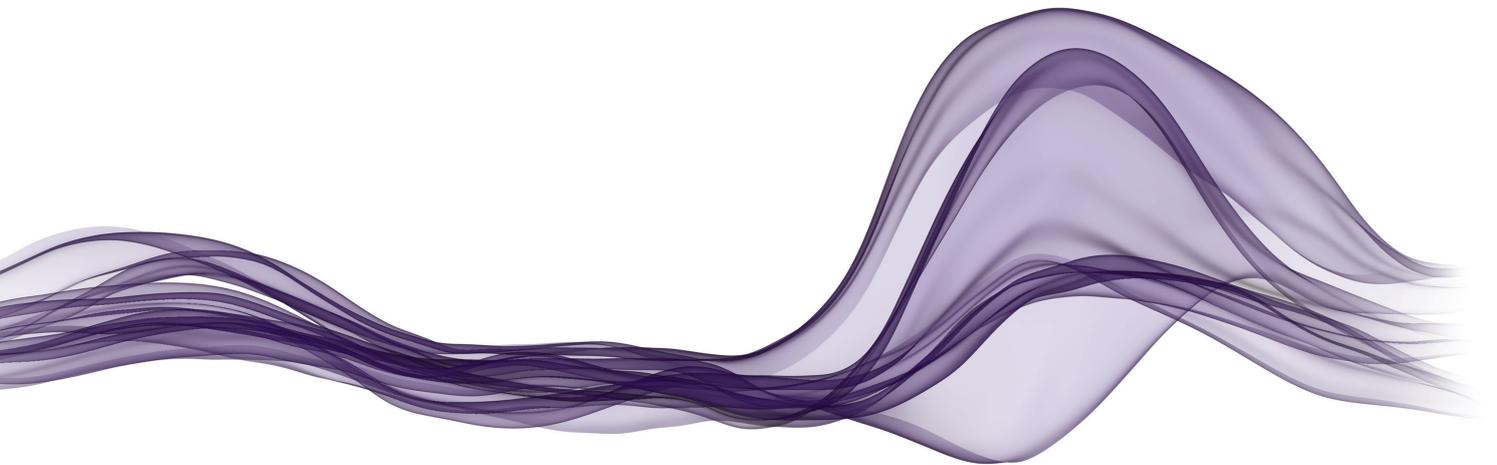


For professional clients only, not suitable for retail investors.

Royal London Sustainable Diversified Trust

Interim Report

For the six month period ended 31 July 2023 (unaudited)



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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 Sustainable Diversified 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)

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.

Advisory Committee

Benjamin Yeoh (Chairman)

Professor Alex Edmans

Tonia Lovell (Resigned 28 February 2023)

Rachel McEwen (Appointed 29 June 2023)

Nicola Parker

Manager's Investment Report

The Royal London Sustainable Diversified 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 (3–5 years) by investing in a diverse range of asset classes, primarily in the UK that are deemed to make a positive contribution to society.

Investments in the Trust will adhere to the Manager's ethical and sustainable investment policy. The Trust is actively managed.

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 5.
- 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 5 because its unit price has shown a medium to 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 a mixture of all of these investments.
- The risk rating remains unchanged from the prior 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)

	6 month total return %	1 year total return %	3 year total return %	5 year total return %
Royal London Sustainable Diversified Trust, Class A Income	2.39	0.87	5.05	26.44
Royal London Sustainable Diversified Trust, Class B Accumulation	2.47	1.03	5.72	28.33
Royal London Sustainable Diversified Trust, Class B Income	2.49	1.15	5.80	28.50
Royal London Sustainable Diversified Trust, Class C Accumulation	2.55	1.24	6.41	29.64
Royal London Sustainable Diversified Trust, Class C Income	2.55	1.23	6.41	29.66
Royal London Sustainable Diversified Trust, Class D Accumulation	2.61	1.36	6.77	30.42
Royal London Sustainable Diversified Trust, Class D Income	2.61	1.35	6.79	30.41
IA Mixed Investment 20-60% Shares sector	-0.36	-0.00	7.12	8.89

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 2.39% (A Inc class) outperforming the IA Mixed Investment 20-60% Shares sector.

During the period under review, the Trust's equity security selection was the main driver of performance, with the corporate bond part of the portfolio performing broadly in line with credit markets.

Market commentary

Equity markets generally made gains in the review period. Technology stocks have been particularly strong, with excitement around artificial intelligence (AI) bringing a boost to sentiment. Japanese stocks have also been strong outperformers with better-than-expected growth data, solid domestic earnings and inflows from foreign investors helping the region.

Central bank interest rate rises have been the story of the second quarter. For the major central banks after more than 12 months of tightening monetary policy, market attention has turned towards expectations of when and at what level rates will peak. In contrast to 2022, when the Federal Reserve (Fed), European Central Bank (ECB) and the Bank of England (BoE) were expected to continue raising rates, the changing growth and inflation picture in the US, euro zone and UK means that expectations have become more differentiated.

The backdrop of rising interest rates and inflation meant that global bond yields, including gilts, increased (and therefore prices fell) significantly over the period. Sterling corporate bonds also struggled, but outperformed gilts, as the negative impact of higher yields were mitigated by the higher yield on corporate bonds, as well as the tightening of the credit spreads (the average extra yield available from non-gilt bonds compared with government debt of equal maturity).

Manager's Investment Report (continued)

Investment Review and Outlook – continued

Portfolio commentary

The Trust is orientated to those companies that have a net benefit to society and create value for investors through their products and services and the way they manage environmental, social and governance (ESG) issues. Areas such as healthcare and technology remain at the core of the equity portfolios, complemented by engineering, utilities, selected financial services, and companies that lead their industries in ESG performance. This means that we do not invest in some sectors, such as oil & gas, extractive industries or tobacco. We believe that the exposure to those sectors which offer a net benefit to society is consistent with outperformance over the medium term.

Within the equity element of the portfolio, Rentokil, Sage and LSE group were the top contributors to performance over the period under review. Rentokil delivered strong returns due to a faster than expected integration of a business called Terminix while London Stock Exchange upgraded their guidance on synergies concerning past acquisitions.

Within credit, we seek out under-researched opportunities. Importantly, the sustainable credit proposition provides access to critical sectors that most investors cannot access via equity markets. Key themes in the Trust include social housing, social & environmental infrastructure, community funding (regulated banks and building societies focused on SME and retail lending), financial inclusion & resilience (such as insurance products to support individuals through shocks) and the energy transition.

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.

In the long term, we believe that the trend towards sustainability remains a strong one, with our company meetings pointing to an acceleration both in recent years and since the start of the Ukraine war. Whilst this may seem counterintuitive given the strong performance of oil prices, the combination of wanting greater energy security and increased concerns about climate change are resulting in an acceleration in the demand for renewable energy. Although innovation may be becoming more incremental in the consumer sector, recent developments in AI could reignite interest in technology. Within healthcare, innovation is accelerating as a greater understanding of the immune system and genetics is resulting in a step change in cancer treatments, amongst other areas. The physical economy is also seeing a renaissance after many years of being overshadowed by the digital world. Electrification is a core part of path to a lower carbon economy and will require a significant investment in infrastructure over many years. These trends make us optimistic about the long-term outlook for the Trust.

Mike Fox
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 author's 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 (%)
Fixed Income – 37.76% (31/01/23 – 38.53%)			
Commercial Mortgage Backed Securities – 0.68% (31/01/23 – 0.89%)			
£6,591,000	Castell FRN 25/3/2053	1,551	0.05
£3,500,000	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058	2,578	0.08
£14,336,000	Income Contingent Student Loan FRN 24/7/2056	805	0.02
£13,471,000	Income Contingent Student Loan 2 FRN 24/7/2058	1,341	0.04
£2,184,000	Income Contingent Student Loan 2.5% 24/7/2058	1,206	0.03
£4,322,000	PCL Funding FRN 15/7/2026	4,333	0.13
£2,260,000	Sage AR Funding FRN 17/11/2030	2,202	0.06
£8,326,000	Sage AR Funding FRN 17/11/2051	8,019	0.24
£4,554,000	Together Asset Backed Securitisation FRN 15/7/2061	957	0.03
Total Commercial Mortgage Backed Securities		22,992	0.68
Corporate Bonds – 37.02% (31/01/23 – 37.14%)			
£5,062,000	3i Group 3.75% 5/6/2040	3,699	0.11
£3,578,000	3i Group 5.75% 3/12/2032	3,535	0.10
£2,308,000	A2D Funding II 4.5% 30/9/2026	2,197	0.06
£2,355,000	AA Bond 3.25% 31/7/2050	1,850	0.05
£4,998,000	AA Bond 5.5% 31/7/2050	4,452	0.13
£2,158,000	AA Bond 6.269% 2/7/2043	2,084	0.06
£2,879,000	AA Bond 7.375% 31/7/2050	2,673	0.08
£3,198,000	AA Bond 7.375% 31/7/2050	2,964	0.09
£7,487,000	Abdn 5.25% variable perpetual	6,154	0.18
£9,706,000	Akelius Residential Property 2.375% 15/8/2025	8,791	0.26
£700,000	Alpha Plus 5% 31/3/2024	669	0.02
£2,756,000	Anglian Water Osprey Financing 4% 8/3/2026	2,472	0.07
£2,296,000	Anglian Water Services Financing 6% 20/6/2039	2,319	0.07
£3,954,000	Annington Funding 3.685% 12/7/2034	3,065	0.09
£6,250,000	Annington Funding 3.935% 12/7/2047	4,449	0.13
£6,464,000	Annington Funding 4.75% 9/8/2033	5,527	0.16
£5,044,000	Arqiva Finance 4.882% 31/12/2032	2,928	0.09
£4,580,000	Arqiva Financing 5.34% 30/12/2037	4,254	0.13
£2,400,000	Arqiva Financing 7.21% 30/6/2045	2,440	0.07
£8,950,000	Assicurazioni Generali 6.269% perpetual	8,684	0.26
£10,000,000	AT&T 2.9% 4/12/2026	8,985	0.26
£3,100,000	AT&T 4.25% 1/6/2043	2,377	0.07
£4,050,000	AT&T 5.5% 15/3/2027	3,937	0.12
£16,797,000	Aviva 6.875% variable 20/5/2058	16,519	0.49
£8,205,000	AXA 6.6862% variable perpetual	8,171	0.24
£5,800,000	Banco Santander 2.25% variable 4/10/2032	4,725	0.14
£8,200,000	Banque Federative du Credit Mutuel 1% 16/7/2026	7,108	0.21
£4,874,000	Bazalgette Finance 2.375% 29/11/2027	4,220	0.12
£5,337,000	Bazalgette Finance 2.75% 10/3/2034	4,051	0.12
£1,000,000	Blend Funding 2.467% 16/6/2063	505	0.01
£6,568,000	Blend Funding 2.922% 5/4/2056	4,064	0.12
£10,543,000	Blend Funding 3.459% 21/9/2049	7,742	0.23
£6,804,000	Blend Funding 3.508% 4/5/2059	4,686	0.14
£5,500,000	BNP Paribas 1.25% 13/7/2031	3,899	0.11
£4,600,000	BNP Paribas 2% variable 24/5/2031	3,956	0.12
£4,200,000	BNP Paribas 2.875% 24/2/2029	3,569	0.11
£6,800,000	BNP Paribas 5.75% 13/6/2032	6,624	0.20
£8,600,000	BPCE 2.5% variable 30/11/2032	7,034	0.21
£4,900,000	BPCE 5.25% 16/4/2029	4,503	0.13
£4,233,000	British Land 5.264% 24/9/2035	3,889	0.11
£3,295,247	British Land 5.357% 31/3/2028	3,133	0.09
£2,450,000	Broadgate Finance 4.821% 5/7/2036	2,275	0.07
£9,640,000	BUFA Finance 4.125% 14/6/2035	7,285	0.21
£1,707,000	Catalyst Housing 3.125% 31/10/2047	1,129	0.03
£3,050,000	Channel Link Enterprises Finance FRN 30/12/2050	2,274	0.07
£11,902,000	Close Brothers Finance 1.625% 3/12/2030	8,354	0.25
£1,785,000	Close Brothers Group 2% variable 11/9/2031	1,464	0.04

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£2,639,000	Close Brothers Group 7.75% 14/6/2028	2,665	0.08
£10,597,000	Community Finance 5.017% 31/7/2034	10,168	0.30
£9,745,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	9,175	0.27
£3,750,000	Coventry Building Society 6.875% variable perpetual	3,563	0.10
£3,218,000	CPUK Finance 3.588% 28/2/2042	2,998	0.09
£5,900,000	CPUK Finance 3.69% 28/2/2047	5,093	0.15
£4,400,000	Credit Agricole 1.874% variable 9/12/2031	3,704	0.11
£5,600,000	Credit Agricole 4.875% 23/10/2029	5,335	0.16
£5,400,000	Credit Agricole 5.75% variable 29/11/2027	5,304	0.16
£2,750,000	Credit Agricole 7.375% 18/12/2023	2,753	0.08
£4,200,000	Credit Agricole 7.5% variable perpetual	4,011	0.12
£6,019,000	CYBG 3.125% variable 22/6/2025	5,766	0.17
£11,578,000	Derby Healthcare 5.564% 30/6/2041	10,188	0.30
£5,221,000	Derwent London 1.875% 17/11/2031	3,684	0.11
£7,280,000	Dignity Finance 3.5456% 31/12/2034	4,119	0.12
£7,634,000	Direct Line Insurance 4% 5/6/2032	5,579	0.16
£2,969,000	DWR Cymru Financing 2.375% 31/3/2034	2,056	0.06
£4,024,000	ENW Finance 1.415% 30/7/2030	3,042	0.09
£3,293,000	ENW Finance 4.893% 24/11/2032	3,092	0.09
£5,815,000	Equity Release Funding 5.88% 26/5/2032	3,484	0.10
£16,375,000	Eversholt Funding 2.742% 30/6/2040	11,127	0.33
£5,948,000	Eversholt Funding 3.529% 7/8/2042	4,299	0.13
£4,213,000	Eversholt Funding 6.697% 22/2/2035	3,639	0.11
£5,600,000	Exchequer Partnership 5.396% 13/7/2036	4,005	0.12
£2,070,000	Fidelity National Information 3.36% 21/5/2031	1,743	0.05
£1,887,000	First Group 6.875% 18/9/2024	1,881	0.06
£12,296,000	Folio Residential Finance 1.246% 31/10/2037	10,131	0.30
£3,200,000	Freshwater Finance 4.556% 3/4/2036	2,668	0.08
£11,072,000	Freshwater Finance 5.182% 20/4/2035	10,300	0.30
£5,972,000	GB Social Housing 5.193% 12/2/2038	5,546	0.16
£4,420,000	Genfinance II 6.064% 21/12/2039	4,519	0.13
£1,926,000	Go-Ahead Group 2.5% 6/7/2024	1,912	0.06
£4,631,000	Great Rolling Stock 6.5% 5/4/2031	3,430	0.10
£10,858,000	Great Rolling Stock 6.875% 27/7/2035	5,965	0.18
£10,244,000	Greater Gabbard OFTO 4.137% 29/11/2032	6,344	0.19
£3,370,000	GreenSquareAccord 5.25% 30/11/2047	3,091	0.09
£7,698,000	Gwynt y Môr OFTO 2.778% 17/2/2034	4,449	0.13
£3,700,000	Harbour Funding 5.28% 31/3/2044	3,547	0.10
£1,500,000	Hastoe Capital 5.6% 27/3/2042	1,428	0.04
£3,167,103	Haven Funding 8.125% 30/9/2037	3,036	0.09
£5,314,000	Hexagon Housing Association 3.625% 22/4/2048	3,632	0.11
£7,749,000	High Speed Rail Finance 4.375% 1/11/2038	6,746	0.20
£14,328,000	Housing and Care 3.288% 8/11/2049	9,803	0.29
£4,738,807	Housing Finance 8.625% 13/11/2023	4,763	0.14
£3,450,000	HSBC 4.75% 24/3/2046	2,752	0.08
£11,681,000	HSBC 5.844% variable perpetual	11,710	0.35
£15,655,000	HSBC 8.201% variable 16/11/2034	16,343	0.48
£6,500,000	ING Groep 1.125% variable 7/12/2028	5,272	0.16
£7,600,000	ING Groep 5% variable 30/8/2026	7,384	0.22
£7,300,000	ING Groep 6.25% variable 20/5/2033	6,949	0.21
£5,088,000	International Finance Facility for Immunisation 2.75% 7/6/2025	4,811	0.14
£500,000	Intu (SGS) Finance 4.625% 17/3/2033	290	0.01
£500,000	Intu Debenture 5.562% 31/12/2027	166	0.00
£1,006,000	Intu Metrocentre Finance 4.125% 6/12/2028	561	0.02
£16,535,000	Investec 1.875% variable 16/7/2028	13,321	0.39
£7,935,000	Investec 2.625% variable 4/1/2032	6,375	0.19
£3,520,000	Investec 9.125% variable 6/3/2033	3,528	0.10
£4,679,000	John Lewis 4.25% 18/12/2034	2,905	0.09
£3,359,000	John Lewis 6.125% 21/1/2025	3,255	0.10
£6,500,000	JRP Group 9% 26/10/2026	6,808	0.20
£3,198,000	Just Group 7% variable 15/4/2031	3,067	0.09
£2,991,000	Just Group 8.125% 26/10/2029	3,013	0.09

Portfolio Statement (continued)

As at 31 July 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 37.02% (31/01/23 – 37.14%) – continued				£3,810,000	Orsted 2.5% variable 18/2/3021	2,542	0.08
£14,539,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	9,580	0.28	£4,272,000	Orsted 5.125% 13/9/2034	4,056	0.12
£1,000,000	Knightstone Capital 5.576% Step 2/10/2048	993	0.03	£5,928,000	OSB Group 9.993% variable 27/7/2033	5,791	0.17
£7,423,000	Land Securities Capital Market 2.375% 29/3/2029	6,542	0.19	£4,376,000	Peabody Capital No Two 2.75% 2/3/2034	3,366	0.10
£2,366,000	Land Securities Capital Market 2.399% 8/2/2031	2,011	0.06	£2,334,000	Peabody Capital No.2 4.625% 12/12/2053	1,978	0.06
£6,454,000	Leeds Building Society 1.375% 6/10/2027	5,331	0.16	£6,320,000	Penarian Housing Finance 3.212% 7/6/2052	4,327	0.13
£8,584,000	Leeds Building Society 3.75% variable 25/4/2029	7,431	0.22	£5,652,000	Pension Insurance 3.625% 21/10/2032	4,224	0.12
£6,218,000	Legal & General 4.5% variable 1/11/2050	5,327	0.16	£3,242,000	Pension Insurance 5.625% 20/9/2030	2,894	0.09
£7,145,000	Legal & General 5.5% variable 27/6/2064	6,638	0.20	£4,500,000	Phoenix Group 5.625% 28/4/2031	4,014	0.12
£2,375,000	Lendlease Europe Finance 3.5% 2/12/2033	1,578	0.05	£5,183,000	Places for People Homes 3.625% 22/11/2028	4,604	0.14
£2,000,000	Lloyds Bank 4.875% 30/3/2027	1,954	0.06	£7,734,000	Places for People Homes 5.09% 31/7/2043	7,631	0.23
£6,801,000	Lloyds Bank 6% 8/2/2029	7,040	0.21	£4,500,000	Places for People Homes 5.875% 23/5/2031	4,465	0.13
£17,795,000	Lloyds Bank 7.625% 22/4/2025	18,109	0.54	£8,169,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	6,928	0.20
£5,516,000	Lloyds Banking Group 1.985% variable 15/12/2031	4,677	0.14	£6,117,000	Porterbrook Rail Finance 4.625% 4/4/2029	5,643	0.17
£3,585,000	Lloyds Banking Group 2% variable 12/4/2028	3,053	0.09	£4,902,000	Principality Building Society 8.625% 12/7/2028	5,050	0.15
£4,373,000	London & Quadrant Housing Trust 2% 31/3/2032	3,279	0.10	£5,021,000	Protective Life Global Funding 5.248% 13/1/2028	4,883	0.14
£13,940,000	Longstone Finance 4.791% 19/4/2036	5,025	0.15	£7,895,000	PRS Finance 1.5% 24/8/2034	5,624	0.17
£8,776,000	M&G 5% variable 20/7/2055	7,660	0.23	£5,095,000	PRS Finance 2% 23/1/2029	4,367	0.13
£1,700,000	M&G 5.625% variable 20/10/2051	1,535	0.05	£3,086,000	Rabobank Nederland 4.625% 23/5/2029	2,794	0.08
£12,092,000	M&G 6.25% variable 20/10/2068	10,527	0.31	£13,995,000	Reassure Group 5.867% 13/6/2029	12,911	0.38
£16,094,000	M&G 5.7% variable 19/12/2063	14,294	0.42	£1,500,000	Retail Charity Bonds 4.25% 30/3/2026	1,334	0.04
£5,515,000	Meadowhall Finance 4.986% 12/1/2032	2,530	0.07	£1,250,000	Retail Charity Bonds 4.25% 6/7/2028	1,112	0.03
£10,700,000	Metropolitan Housing Trust 1.875% 28/7/2036	6,949	0.21	£15,207,000	Rothsay Life 3.375% 12/7/2026	13,755	0.41
£10,052,000	Metropolitan Life Global Funding 0.625% 8/12/2027	8,072	0.24	£7,483,000	Rothsay Life 5% variable perpetual	4,817	0.14
£5,422,000	Metropolitan Life Global Funding 1.625% 12/10/2028	4,438	0.13	£3,351,000	Rothsay Life 7.734% 16/5/2033	3,297	0.10
£3,809,000	Metropolitan Life Global Funding 5% 10/1/2030	3,682	0.11	£7,685,000	RSA Insurance 5.125% variable 10/10/2045	7,325	0.22
£5,545,000	Mizuho Financial 5.628% 13/6/2028	5,425	0.16	£9,207,000	Sage 2.875% 8/2/2034	7,091	0.21
£4,494,000	Morgan Stanley 5.789% variable 18/11/2033	4,411	0.13	£7,882,000	Santander UK 2.421% variable 17/01/2029	6,587	0.19
£9,426,000	Morhomes 3.4% 19/2/2040	7,171	0.21	£3,488,000	Santander 5.25% 16/2/2029	3,487	0.10
£6,143,000	Myriad Capital 4.75% 20/12/2043	5,272	0.16	£14,757,000	Santander UK 7.098% variable 16/11/2027	14,810	0.44
£6,000,000	National Australia Bank 1.699% variable 15/9/2031	5,022	0.15	£4,100,000	Saxon Weald Capital 5.375% 6/6/2042	3,869	0.11
£3,647,000	National Express 2.375% 20/11/2028	3,021	0.09	£8,987,000	Scottish Hydro Electric Transmission 2.125% 24/3/2036	6,140	0.18
£5,790,000	National Express 4.25% variable perpetual	5,074	0.15	£5,700,000	Scottish Power 6.375% Step 31/5/2041	5,978	0.18
£4,000,000	National Grid Electricity Transmission 2% 17/4/2040	2,395	0.07	£9,272,000	Scottish Widows 7% 16/6/2043	9,210	0.27
£9,107,000	Nationwide Building Society FRN 24/2/2031	8,934	0.26	£1,946,000	Sewern Trent Utilities Finance P 5.25% 4/4/2036	1,840	0.05
£7,414,000	NatWest Group 2.105% variable 28/11/2031	6,266	0.19	£2,649,000	Sewern Trent 6.25% 7/6/2029	2,672	0.08
£4,160,000	NatWest Markets 6.375% 8/11/2027	4,184	0.12	£8,056,000	Skandinaviska Enskilda Banken 5.5% 1/6/2026	7,947	0.23
£3,551,000	NatWest Group 7.416% variable 6/6/2033	3,541	0.10	£9,283,000	Society of Lloyds 4.875% variable 7/2/2047	8,560	0.25
£8,800,000	NatWest 3.619% variable 29/3/2029	7,773	0.23	£7,399,000	South East Water 5.5834% 29/3/2029	7,027	0.21
£5,863,000	New York Life Global Funding 0.75% 14/12/2028	4,604	0.14	£2,688,000	South Eastern Power Networks 6.375% 12/11/2031	2,808	0.08
£8,112,000	New York Life Global Funding 1.5% 15/7/2027	6,946	0.21	£1,944,000	South West Water 5.875% 16/7/2040	1,830	0.05
£6,523,000	New York Life Global Funding 4.35% 16/9/2025	6,306	0.19	£3,113,000	Southern Electric Power Distribution 5.5% 7/6/2032	3,100	0.09
£12,173,000	NGG Finance 5.625% variable 18/6/2073	11,615	0.34	£2,533,000	Southern Housing Group 2.375% 8/10/2036	1,747	0.05
£2,187,000	NIE Finance 5.875% 1/12/2032	2,203	0.07	£3,990,000	SSE 3.74% variable perpetual	3,619	0.11
£2,368,000	Northumbrian Water Finance 6.375% 28/10/2034	2,389	0.07	£4,319,000	Stagecoach 4% 29/9/2025	4,007	0.12
£4,407,000	Notting Hill Genesis 2% 3/6/2036	2,915	0.09	£4,809,000	Svenska Handelsbanken 4.625% variable 23/8/2032	4,385	0.13
£2,450,000	Notting Hill Housing Trust 5.25% 7/7/2042	2,285	0.07	£6,137,000	Swan Housing Capital 3.625% 5/3/2048	4,470	0.13
£6,636,000	OP Corporate Bank 1.375% 4/9/2026	5,710	0.17	£14,532,000	TC Dudgeon OFTO 3.158% 12/11/2038	10,693	0.32
£5,442,000	OP Corporate Bank 3.375% 14/11/2026	5,116	0.15	£6,302,000	Telereal Secured Finance 4.01% 10/12/2033	3,163	0.09
£3,971,000	Orbit Capital 3.375% 14/6/2048	2,741	0.08	£5,700,000	Telereal Securitisation 1.3657% 10/12/2033	3,474	0.10
£2,737,000	Orbit Capital 2% 24/11/2038	1,697	0.05	£2,000,000	Telereal Securitisation 3.507% variable 10/12/2033	1,764	0.05

Portfolio Statement (continued)

As at 31 July 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 37.02% (31/01/23 – 37.14%) – continued			
£2,655,600	Telereal Securitisation 3.5625% 10/12/2036	2,254	0.07
£7,174,000	Telereal Securitisation 5.3887% 10/12/2033	2,661	0.08
£4,935,000	Telereal Securitisation 5.4252% 10/12/2033	3,952	0.12
£14,959,000	Telereal Securitisation 6.1645% 10/12/2033	12,371	0.37
£1,750,000	Telereal Securitisation FRN 10/12/2033	1,409	0.04
£3,850,000	Tesco Property 5.6611% 13/10/2041	3,362	0.10
£4,500,000	Tesco Property 5.744% Sink 13/4/2040	3,821	0.11
£10,551,000	Tesco Property 5.8006% 13/10/2040	9,091	0.27
£6,150,000	Tesco Property 5.4111% 13/7/2044	5,001	0.15
£2,117,000	Tesco Property Finance 7.6227% 13/7/2039	1,778	0.05
£8,225,000	Thames Water Kemble Finance 4.625% 19/5/2026	5,643	0.17
£3,230,000	Thames Water Utilities 2.375% 22/4/2040	1,887	0.06
£3,025,000	Thames Water Utilities 7.738% 9/4/2058	3,368	0.10
£5,593,000	THFC Funding 5.2% 11/10/2043	5,251	0.16
£5,344,000	THFC Funding 6.35% 8/7/2041	5,735	0.17
£3,418,000	Toronto Dominion Bank 2.875% 5/4/2027	3,065	0.09
£2,497,000	Uliving@Essex3 2.72% 31/8/2066	1,458	0.04
£2,778,000	Unifund 5.32% 7/12/2047	2,318	0.07
£5,300,000	Unite USAF II 3.921% 30/6/2030	5,007	0.15
£6,944,000	UPP Bond Issuer 4.9023% 28/2/2040	5,215	0.15
£3,626,000	Vicinity Centres 3.375% 7/4/2026	3,364	0.10
£2,150,000	Virgin Money 3.375% variable 24/4/2026	1,993	0.06
£4,171,000	Virgin Money 5.125% variable 11/12/2030	3,850	0.11
£900,000	Virgin Money 7.875% variable 14/12/2028	896	0.03
£7,806,000	Virgin Money 8.25% variable perpetual	6,791	0.20
£7,215,000	Vodafone 3% 12/8/2056	4,162	0.12
£2,550,000	Vodafone 3.375% 8/8/2049	1,668	0.05
£9,493,000	Vodafone 4.875% variable 3/10/2078	8,890	0.26
£2,743,000	Yorkshire Building Society 3.511% variable 11/10/2030	2,303	0.07
£6,383,000	Yorkshire Building Society 6.375% variable 15/11/2028	6,208	0.18
£4,202,000	Yorkshire Water Finance 5.5% 28/4/2035	3,938	0.12
£1,300,000	Yorkshire Water Services 5.5% Step 28/5/2037	1,235	0.04
£3,650,000	Welltower 4.5% 1/12/2034	3,052	0.09
£4,803,000	Welltower 4.8% 20/11/2028	4,426	0.13
£8,925,000	Wessex Water Services Finance 1.25% 12/1/2036	5,193	0.15
£6,704,000	Wessex Water Services 1.5% 17/9/2029	5,115	0.15
£2,676,000	Wessex Water Services Finance 5.125% 31/10/2032	2,505	0.07
£3,441,000	Western Power Distribution 1.625% 7/10/2035	2,217	0.07
£1,760,000	Western Power Distribution 5.5% 9/5/2025	1,745	0.05
£12,103,000	Western Power Distribution 5.75% 16/4/2032	11,990	0.35
£2,280,000	Western Power Distribution 6.25% Step 10/12/2040	2,375	0.07
£8,409,000	Westfield Stratford City 1.642% 4/8/2031	7,221	0.21
£6,897,000	White City Property 5.1202% 17/4/2035	5,051	0.15
£4,045,000	Woods Transmission 3.446% 24/8/2034	2,555	0.08
£4,882,000	Yorkshire Building Society 3.375% variable 13/9/2028	4,168	0.12
£5,887,000	Zurich Finance 5.125% variable 23/11/2052	5,247	0.16
Total Corporate Bonds		1,252,241	37.02

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Government Bonds – 0.05% (31/01/23 – 0.49%)			
£2,574,000	Saltire Finance 2.711% 9/5/2054	1,706	0.05
Total Government Bonds		1,706	0.05
Index-Linked Bonds – 0.01% (31/01/23 – 0.01%)			
£250,000	Western Power Distribution 2.671% Index-Linked 1/6/2043	396	0.01
Total Index-Linked Bonds		396	0.01
Equities – 59.80% (31/01/23 – 60.24%)			
Basic Materials – 3.38% (31/01/23 – 3.61%)			
Chemicals – 3.38%			
	822,387 Croda International	48,439	1.43
	216,933 IMCD Group	25,644	0.76
	165,884 Sika	40,246	1.19
Total Basic Materials		114,329	3.38
Industrials – 15.77% (31/01/23 – 15.34%)			
Construction & Materials – 1.78%			
	387,565 Trane Technologies	60,075	1.78
Electronic & Electrical Equipment – 4.46%			
	318,813 Agilent Technologies	30,173	0.89
	564,064 Schneider Electric	78,323	2.32
	377,609 TE Connectivity	42,112	1.25
Industrial Engineering – 3.64%			
	352,627 Nordson Corporation	68,958	2.04
	95,685 Spirax-Sarco Engineering	10,645	0.31
	475,454 Wabtec Corporation	43,767	1.29
Industrial Transportation – 1.18%			
	423,507 Canadian National Railway	39,971	1.18
Support Services – 4.71%			
	118,593 Ashtead Group	6,826	0.20
	2,420,224 Experian	72,800	2.15
	12,556,432 Rentokil Initial	79,658	2.36
Total Industrials		533,308	15.77
Consumer Goods – 3.52% (31/01/23 – 4.34%)			
Personal Goods – 3.52%			
	253,109 Adidas	39,913	1.18
	112,328 L'Oreal	40,716	1.21
	914,624 Unilever	38,327	1.13
Total Consumer Goods		118,956	3.52
Healthcare – 7.24% (31/01/23 – 7.71%)			
Healthcare Equipment & Services – 3.30%			
	74,569 Intuitive Surgical	18,803	0.56
	137,463 Steris	24,096	0.71
	161,362 Thermo Fisher Scientific	68,809	2.03
Pharmaceuticals & Biotechnology – 3.94%			
	663,694 AstraZeneca	74,228	2.20
	112,993 IQVIA Holding	19,659	0.58
	312,855 Novo Nordisk 'B'	39,182	1.16
Total Healthcare		244,777	7.24

Portfolio Statement (continued)

As at 31 July 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Consumer Services – 6.80% (31/01/23 – 6.48%)			
Food & Drug Retailers – 3.15%			
593,647	Ferguson	74,537	2.20
1,159,258	Greggs	31,996	0.95
General Retailers – 1.47%			
249,136	Amazon.com	25,894	0.76
1,002,647	Haleon	3,372	0.10
21,460	MercadoLibre	20,628	0.61
Travel & Leisure – 2.18%			
3,634,230	Compass Group	73,666	2.18
Total Consumer Services		230,093	6.80
Utilities – 2.07% (31/01/23 – 2.05%)			
Electricity – 2.07%			
4,144,895	SSE	69,862	2.07
Total Utilities		69,862	2.07
Financials – 10.99% (31/01/23 – 11.17%)			
Banks – 5.41%			
8,454,167	HSBC	54,631	1.61
88,678,718	Lloyds Banking Group	39,848	1.18
9,303,812	NatWest Group	22,729	0.67
8,838,552	Standard Chartered	66,042	1.95
Financial Services – 4.16%			
917,651	London Stock Exchange	77,652	2.30
340,805	Visa 'A'	62,985	1.86
Life Insurance – 1.42%			
4,434,993	Prudential	47,987	1.42
Total Financials		371,874	10.99
Technology – 9.96% (31/01/23 – 9.54%)			
Software & Computer Services – 6.24%			
51,880	Adobe	22,025	0.65
219,904	Alphabet 'A'	22,689	0.67
124,081	Autodesk	20,443	0.60
57,430	Intuit	22,844	0.68
231,628	Microsoft	60,481	1.79
6,688,584	Sage	62,632	1.85
Technology Hardware & Equipment – 3.72%			
75,038	ASML Holding	41,931	1.24
273,385	Taiwan Semiconductor Manufacturing ADR	21,063	0.62
449,627	Texas Instruments	62,934	1.86
Total Technology		337,042	9.96
Core Capital Deferred Shares – 0.07% (31/01/23 – 0.08%)			
£20,000	Nationwide Building Society 10.25% variable perpetual	2,310	0.07
Total Core Capital Deferred Shares		2,310	0.07
Total value of investments		3,299,886	97.56
Net other assets		82,562	2.44
Total net assets		3,382,448	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 Portfolio Investments

As at 31 July 2023

Credit breakdown*	31 Jul 2023		31 Jan 2023	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	1,079,485	31.92	1,151,291	33.64
Investments of below investment grade	39,301	1.17	48,965	1.44
Unrated bonds	158,549	4.67	117,768	3.45
Equities	2,020,241	59.73	2,062,305	60.24
Core Capital Deferred Shares	2,310	0.07	2,585	0.08
Total value of investments	3,299,886	97.56	3,382,914	98.85

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

Summary of Material Portfolio Changes

For the six month period ended 31 July 2023

Significant Purchases

	Cost £'000
UK Treasury 2.25% 7/9/2023	35,147
NatWest Group	26,022
Standard Chartered	19,573
HSBC	17,365
UK Treasury 3.5% 22/10/2025	16,311
Skandinaviska Enskilda Banken 5.5% 1/6/2026	8,035
ING Groep 6.25% variable 20/5/2033	7,298
Ashtead Group	6,753
Sage	6,666
Yorkshire Building Society 6.375% variable 15/11/2028	6,370
Subtotal	149,540
Total cost of purchases, including the above, for the period	245,532

Significant Sales

	Proceeds £'000
UK Treasury 2.25% 7/9/2023	50,335
Segro	34,400
Aptiv	28,106
Novo Nordisk 'B'	19,392
UK Treasury 3.5% 22/10/2025	16,314
NatWest Group	15,267
Principality Building Society 2.375% 23/11/2023	11,994
Autodesk	11,585
Visa 'A'	10,077
Shaftesbury Chinatown 2.348% 30/9/2027	8,864
Subtotal	206,334
Total proceeds from sales, including the above, for the period	351,530

Comparative Tables

Class A Income

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	236.15	254.54	241.25	222.87
Return before operating charges*	5.60	(13.99)	18.05	23.09
Operating charges	(1.44)	(2.37)	(3.26)	(3.45)
Return after operating charges*	4.16	(16.36)	14.79	19.64
Distributions on income units	(1.98)	(2.03)	(1.50)	(1.26)
Closing net asset value per unit	238.33	236.15	254.54	241.25
* after direct transaction costs of:	0.04	0.11	0.10	0.34
Performance				
Return after charges	1.76%	(6.43)%	6.13%	8.81%
Other information				
Closing net asset value (£'000)	186,064	188,439	212,726	217,389
Closing number of units	78,069,528	79,797,242	83,573,879	90,109,584
Operating charges*	1.17%	1.27%	1.27%	1.27%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	243.00	256.20	278.10	251.30
Lowest unit price	230.10	209.70	236.50	188.10

* The AMC was reduced on 1 January 2021 to 1.25%. The AMC was further reduced from 1.25% to 1.15% on 1 June 2023.

Class B Accumulation

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	212.02	226.15	212.64	194.64
Return before operating charges*	4.99	(12.28)	15.78	19.98
Operating charges	(1.10)	(1.85)	(2.27)	(1.98)
Return after operating charges*	3.89	(14.13)	13.51	18.00
Distributions on accumulation units	(3.00)	(3.25)	(2.89)	(1.72)
Retained distributions on accumulation units	3.00	3.25	2.89	1.72
Closing net asset value per unit	215.91	212.02	226.15	212.64
* after direct transaction costs of:	0.03	0.10	0.09	0.28
Performance				
Return after charges	1.83%	(6.25)%	6.35%	9.25%
Other information				
Closing net asset value (£'000)	1	1	1	1
Closing number of units	500	500	500	500
Operating charges	1.02%	1.02%	1.02%	1.02%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	218.10	227.70	246.80	221.30
Lowest unit price	206.60	187.40	208.50	164.30

Class B Income

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	181.07	195.16	184.97	170.87
Return before operating charges*	4.28	(10.53)	13.80	17.53
Operating charges	(0.84)	(1.59)	(2.13)	(1.74)
Return after operating charges*	3.44	(12.12)	11.67	15.79
Distributions on income units	(1.75)	(1.97)	(1.48)	(1.69)
Closing net asset value per unit	182.76	181.07	195.16	184.97
* after direct transaction costs of:	0.03	0.08	0.08	0.26
Performance				
Return after charges	1.90%	(6.21)%	6.31%	9.24%
Other information				
Closing net asset value (£'000)	1	1	1	1
Closing number of units	500	500	500	500
Operating charges	1.02%	1.02%	1.02%	1.02%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	186.30	196.50	213.20	192.80
Lowest unit price	176.50	160.80	181.40	144.30

Class C Accumulation

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	216.47	230.40	216.23	197.49
Return before operating charges*	5.06	(12.31)	15.96	20.33
Operating charges	(0.82)	(1.62)	(1.79)	(1.59)
Return after operating charges*	4.24	(13.93)	14.17	18.74
Distributions on accumulation units	(2.22)	(2.70)	(2.28)	(2.32)
Retained distributions on accumulation units	2.22	2.70	2.28	2.32
Closing net asset value per unit	220.71	216.47	230.40	216.23
* after direct transaction costs of:	0.03	0.10	0.09	0.31
Performance				
Return after charges	1.96%	(6.05)%	6.55%	9.49%
Other information				
Closing net asset value (£'000)	1,796,779	1,871,744	2,076,052	1,452,365
Closing number of units	814,087,084	864,654,972	901,069,046	671,677,623
Operating charges	0.77%	0.77%	0.77%	0.77%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	222.70	231.90	251.40	225.00
Lowest unit price	211.10	191.20	212.00	166.80

Comparative Tables (continued)

Class C Income

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	180.93	195.01	184.83	170.74
Return before operating charges*	4.21	(10.43)	13.65	17.46
Operating charges	(0.69)	(1.37)	(1.52)	(1.37)
Return after operating charges*	3.52	(11.80)	12.13	16.09
Distributions on income units	(1.85)	(2.28)	(1.95)	(2.00)
Closing net asset value per unit	182.60	180.93	195.01	184.83
* after direct transaction costs of:	0.03	0.08	0.08	0.26
Performance				
Return after charges	1.95%	(6.05)%	6.56%	9.42%
Other information				
Closing net asset value (£'000)	344,294	364,223	417,616	297,549
Closing number of units	188,550,712	201,310,093	214,149,641	160,983,830
Operating charges	0.77%	0.77%	0.77%	0.77%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	186.10	196.30	213.10	192.70
Lowest unit price	176.40	160.80	181.30	144.20

Class D Accumulation

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	219.23	233.06	218.46	199.29
Return before operating charges*	5.10	(12.38)	16.06	20.49
Operating charges	(0.67)	(1.45)	(1.46)	(1.32)
Return after operating charges*	4.43	(13.83)	14.60	19.17
Distributions on accumulation units	(2.38)	(2.99)	(2.59)	(2.59)
Retained distributions on accumulation units	2.38	2.99	2.59	2.59
Closing net asset value per unit	223.66	219.23	233.06	218.46
* after direct transaction costs of:	0.03	0.10	0.09	0.31
Performance				
Return after charges	2.02%	(5.93)%	6.68%	9.62%
Other information				
Closing net asset value (£'000)	1,031,249	973,604	949,500	537,421
Closing number of units	461,079,789	444,093,486	407,411,747	246,002,817
Operating charges	0.62%	0.62%	0.62%	0.62%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	225.60	234.60	254.30	227.30
Lowest unit price	213.80	193.50	214.30	168.30

Class D Income

Change in net assets per unit	31/07/23 (p)	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per unit	180.98	195.07	184.88	170.79
Return before operating charges*	4.18	(10.40)	13.60	17.41
Operating charges	(0.55)	(1.20)	(1.23)	(1.11)
Return after operating charges*	3.63	(11.60)	12.37	16.30
Distributions on income units	(1.96)	(2.49)	(2.18)	(2.21)
Closing net asset value per unit	182.65	180.98	195.07	184.88
* after direct transaction costs of:	0.03	0.08	0.08	0.26
Performance				
Return after charges	2.01%	(5.95)%	6.69%	9.54%
Other information				
Closing net asset value (£'000)	24,060	24,174	23,397	8,333
Closing number of units	13,172,539	13,357,339	11,994,382	4,507,127
Operating charges	0.62%	0.62%	0.62%	0.62%
Direct transaction costs	0.02%	0.05%	0.04%	0.15%
Prices[^]				
Highest unit price	186.20	196.40	213.20	192.80
Lowest unit price	176.50	160.80	181.30	144.30

[^] 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.

Financial Statements

Statement of Total Return

For the six month period ended 31 July 2023

	31 Jul 2023		31 Jul 2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/ (losses)		30,390		(201,323)
Revenue	50,960		39,144	
Expenses	(12,446)		(13,254)	
Interest payable and similar charges	–		(4)	
Net revenue before taxation	38,514		25,886	
Taxation	(3,826)		(2,560)	
Net revenue after taxation		34,688		23,326
Total return/(deficit) before distributions		65,078		(177,997)
Distributions		(34,687)		(23,326)
Change in net assets attributable to unitholders from investment activities		30,391		(201,323)

Statement of Change in Net Assets Attributable to Unitholders

For the six month period ended 31 July 2023

	31 Jul 2023		31 Jul 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		3,422,186		3,679,293
Amounts receivable on issue of units	97,842		245,457	
Amounts payable on cancellation of units	(197,107)		(123,922)	
		(99,265)		121,535
Change in net assets attributable to unitholders from investment activities		30,391		(201,323)
Retained distribution on accumulation units		29,136		19,881
Closing net assets attributable to unitholders		3,382,448		3,619,386

Balance Sheet

As at 31 July 2023

	31 Jul 2023	31 Jan 2023
	£'000	£'000
Assets		
Investments	3,299,886	3,382,914
Current assets:		
Debtors	24,067	39,013
Cash and bank balances	69,698	25,747
Total assets	3,393,651	3,447,674
Liabilities		
Creditors:		
Other creditors	8,781	23,832
Distribution payable	2,422	1,656
Total liabilities	11,203	25,488
Net assets attributable to unitholders	3,382,448	3,422,186

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 six month period 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 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.

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

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 period (excluding accrued interest for fixed interest securities).

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.

Revenue from stock dividends is treated as distributable.

Interest on debt securities is accounted for on an effective yield basis.

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.

The ordinary element of stock dividends is treated as income and forms part of the distribution.

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%; B Income and B Accumulation 1.00%; C Income and C Accumulation 0.75%; D Income and D Accumulation 0.60%) 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 quarterly.

For Accumulation units, this revenue is not distributed but automatically reinvested in the Trust and is reflected in the value of the units.

For the purpose of the calculation of distribution, revenue from debt securities is computed on an effective yield basis.

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 six month period 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, Corporate Bonds and Government securities 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 summarised below, and 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.

Interest rate risk

The Trust invests in fixed and variable rate securities and any changes to interest rates relevant for particular securities may result in either revenue increasing or decreasing. In general, if interest rates rise the revenue potential of the Trust also rises but the value of fixed rate securities will decline. A fall in interest rates will, in general, have the opposite effect.

Foreign currency risk

The value of the Trust's investments may be affected by currency movements since a proportion of the assets are denominated in currencies other than sterling. The Manager 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. However, no such arrangements were in place at the year end. The Trust 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 Manager 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 Trust is minimised by converting income received in foreign currency into sterling on the date of transaction.

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.

Distribution Tables

For the six month period ended 31 July 2023

Distribution in pence per unit

First Interim

Group 1: Units purchased prior to 1 February 2023

Group 2: Units purchased between 1 February 2023 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
Class A Income				
Group 1	1.0759	–	1.0759	0.3917
Group 2	0.5636	0.5123	1.0759	0.3917
Class B Accumulation				
Group 1	2.1243	–	2.1243	1.5240
Group 2	2.1243	0.0000	2.1243	1.5240
Class B Income				
Group 1	0.9542	–	0.9542	0.3740
Group 2	0.9542	0.0000	0.9542	0.3740
Class C Accumulation				
Group 1	1.1977	–	1.1977	0.5731
Group 2	0.6271	0.5706	1.1977	0.5731
Class C Income				
Group 1	1.0011	–	1.0011	0.4850
Group 2	0.5241	0.4770	1.0011	0.4850
Class D Accumulation				
Group 1	1.2776	–	1.2776	0.6461
Group 2	0.7078	0.5698	1.2776	0.6461
Class D Income				
Group 1	1.0545	–	1.0545	0.5408
Group 2	0.4675	0.5870	1.0545	0.5408

Distribution Tables (continued)

For the six month period ended 31 July 2023

Distribution in pence per unit**Second Interim**

Group 1: Units purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution payable 30/09/23	Distribution paid 30/09/22
Class A Income				
Group 1	0.9010	–	0.9010	0.6884
Group 2	0.3823	0.5187	0.9010	0.6884
Class B Accumulation				
Group 1	0.8785	–	0.8785	0.7038
Group 2	0.8785	0.0000	0.8785	0.7038
Class B Income				
Group 1	0.7909	–	0.7909	0.6474
Group 2	0.7909	0.0000	0.7909	0.6474
Class C Accumulation				
Group 1	1.0206	–	1.0206	0.8368
Group 2	0.4881	0.5325	1.0206	0.8368
Class C Income				
Group 1	0.8482	–	0.8482	0.7062
Group 2	0.4247	0.4235	0.8482	0.7062
Class D Accumulation				
Group 1	1.1006	–	1.1006	0.9112
Group 2	0.5051	0.5955	1.1006	0.9112
Class D Income				
Group 1	0.9033	–	0.9033	0.7603
Group 2	0.3362	0.5671	0.9033	0.7603

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.

Advisory Committee

This is an independent committee providing oversight of both the universe of companies approved for the Sustainable Trusts and general environmental, social and governance issues that may impact it. It provides an independent check that all companies invested in the Trusts meet the stated objectives and criteria.

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:

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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 Sustainable Diversified 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 0287

