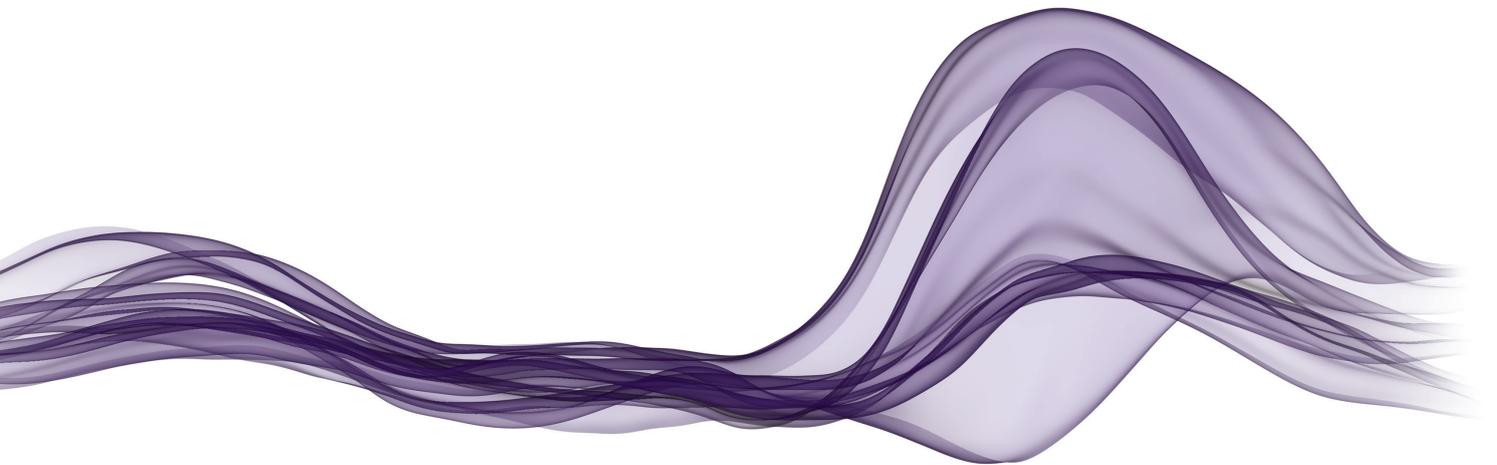


# Royal London Bond Funds ICVC

## Annual Report

For the year ended 31 October 2023



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

## Company Information

### Company

#### Royal London Bond Funds ICVC

Registered in England with Company Number IC000797

*Registered office:*

80 Fenchurch Street, London EC3M 4BY

### Director

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

*Place of business and Registered office:*

80 Fenchurch Street, London EC3M 4BY

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

T: 020 7506 6500

F: 020 7506 6503

### Directors

R.A.D. Williams

A.L. Hunt

R. Kumar

S. Spiller

J.M. Brett (Non-executive Director)

H.I. Georgeson

J.M. JACKSON (Non-executive Director)

### Investment Adviser

#### Royal London Asset Management Limited

*Place of business and Registered office:*

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

### Depositary

#### HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

### Registrar

#### SS&C Financial Services Europe Limited

The Register may be inspected at:

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

Authorised and Regulated by the Financial Conduct Authority.

### Independent Auditors

#### PricewaterhouseCoopers LLP

#### Chartered Accountants and Statutory Auditors

7 More London Riverside, London SE1 2RT

## Directors' Report

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

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

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

Royal London Sterling Credit Fund  
(launched 30 October 2009)

Royal London Global Index Linked Fund  
(launched 27 January 2010)

Royal London Short-Term Money Market Fund  
(launched 30 April 2010)

Royal London Corporate Bond Fund  
(launched 30 April 2010)

Royal London Index Linked Fund  
(launched 30 April 2010)

Royal London UK Government Bond Fund  
(launched 30 April 2010)

Royal London Short Term Fixed Income Fund  
(launched 15 June 2011)

Royal London International Government Bond Fund  
(launched 4 November 2011)

Royal London Diversified Asset-Backed Securities Fund  
(launched 24 September 2012)

Royal London Short Duration Gilts Fund  
(launched 7 November 2013)

Royal London Short Term Fixed Income Enhanced Fund  
(launched 18 May 2015)

Royal London Cautious Managed Fund  
(launched 10 June 2015)

Royal London Investment Grade Short Dated Credit Fund  
(launched 7 December 2015)

Royal London Short Duration Index Linked Fund  
(launched 23 February 2016)

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

Currently, the funds of an umbrella company are ring-fenced, and consequently creditors of the company may not look to all the assets of the company for payment regardless of the sub-fund in respect of which that creditor's debt has arisen. Certain assets held or liabilities incurred by an umbrella company which are not attributable to a particular fund can be allocated between all of the funds in a manner which the ACD considers fair to shareholders.

Shareholders are not liable for the debts of the Company.

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

**For and behalf of Royal London Unit Trust Managers Limited**

**Authorised Corporate Director**

**S.Spiller** (Director)

**R.Kumar** (Director)

**6 February 2024**

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

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

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

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

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

## Statement of Depositary's Responsibilities

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

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

The Depositary must ensure that:

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

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

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

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

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

### HSBC Bank plc

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

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 October 2023 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the 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 Instrument of Incorporation.

Royal London Bond Funds ICVC is an Open Ended Investment Company ('OEIC') with 14 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Balance Sheets as at 31 October 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Accounting Policies (included within the Summary of Significant Accounting Policies); and the Notes to the Financial Statements.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

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

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

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

### Authorised Corporate Director's Report

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

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

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

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

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

### Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

### Use of this report

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

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

### **Other required reporting**

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

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

#### **Collective Investment Schemes sourcebook exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**London**  
**6 February 2024**

## Summary of Significant Accounting Policies

For the year ended 31 October 2023

### 1. Accounting policies

#### Basis of preparation

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

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

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

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

#### Basis of valuation of investments

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

The Short Term Money Market Fund has been authorised as a Regulated Money Market Fund and is valued in accordance with the Money Market Funds Regulation. Further details are contained in the Prospectus.

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

Investments in collective investment schemes (CIS) have been valued at bid prices. For those CIS funds that are not dual priced, single prices are used.

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

#### Exchange rates

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

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

#### Recognition of revenue

All dividends (including distributions from collective investment schemes) on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deducted at source and net of attributable tax credits.

Revenue received from investments in authorised collective investment schemes, which are purchased during the financial period, will include an element of equalisation which represents the average amount of revenue included in the price paid for shares or units. This equalisation is treated as capital and deducted from the cost of the investment.

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

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

Fees earned from stock lending are included in revenue on a net basis. The notes disclose the gross fees and related expenses.

Management fee rebates received from management companies are recognised when the entitlement arises, and are recognised as either income or capital in accordance with the treatment of the management fee charged on the underlying CIS.

#### Treatment of expenses

Expenses are recognised on an accruals basis.

The underlying sub-funds will hold a number of share classes. Each share class suffers a different Fund Management Fee, which can be found in the constitution starting on page 231. Consequently the level of expenses attributable to each share class will differ.

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

## Summary of Significant Accounting Policies (continued)

For the year ended 31 October 2023

### 1. Accounting policies – continued

#### Taxation

All sub-funds, except for Cautious Managed, satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulation 2006 paragraph 19 throughout the period. All distributions are therefore made as interest distributions. In the case of Cautious Managed, Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

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

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

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

#### Treatment of derivative contracts

The unrealised gain/(loss) on open future contracts is disclosed in the portfolio statement, where such contracts are held by an individual sub-fund. The margins paid on these contracts are included in the amounts held at derivative clearing houses and brokers.

Interest received from or paid to the sub-funds from swaps designed to protect capital are treated as capital and are included in net capital gains on derivative securities.

The unrealised gains or losses on open Overnight Index Swaps, Total Return Swaps, Futures and Forward Foreign Exchanges (FFX) are disclosed in the portfolio statements, where such contracts are held by an individual sub-fund.

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

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

#### Dilution

In certain circumstances the ACD may charge a dilution adjustment on the sale or repurchase of shares for all the sub-funds except Royal London Short Term Money Market Fund. The adjustment is intended to cover certain dealing charges not included in the value of the sub-fund used in calculating the share price, which could have a dilutive effect.

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

Rather than a dilution adjustment, a dilution levy may be applicable to the Royal London Short Term Money Market Fund only, although the ACD does not expect to impose this.

The ACD may determine the dilution levy amount to be charged at such a rate as determined for the purpose of reducing the effect of dilution. This dilution levy is calculated by reference to the costs of dealing in the underlying investments of the Fund, including any dealing spreads, commissions and transfer taxes.

### 2. Distribution policy

#### Basis of distribution

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

The following sub-funds make distributions on a quarterly basis: Sterling Credit, Corporate Bond, Diversified Asset-Backed Securities, Short Term Fixed Income, Short Term Fixed Income Enhanced and Investment Grade Short Dated Credit.

The following sub-funds make distributions on a half yearly basis: Global Index Linked, Short Term Money Market, Index Linked, UK Government Bond, International Government Bond, Short Duration Gilts and Short Duration Global Index Linked.

The following sub-fund makes a distribution on an annual basis: Cautious Managed.

For the purposes of calculating the distribution on Index Linked Fund, Global Index Linked Fund and Short Duration Global Index Linked Fund, revenue is computed on an effective yield basis utilising the exemption set out in the Financial Conduct Authority's COLL 6.8.3 (for funds whose policy is to invest predominantly in index linked securities) to treat capital indexation as non-distributable.

## Summary of Significant Accounting Policies (continued)

For the year ended 31 October 2023

### 2. Distribution policy – continued

#### Apportionment to multiple share classes

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

#### Revenue from debt securities

For the purposes of the calculation of the distribution, revenue from debt securities is computed as follows:

Sterling Credit, Short Term Money Market, Corporate Bond, Short Term Fixed Income, International Government Bond, Diversified Asset-Backed Securities, Short Duration Gilt, Short Term Fixed Income Enhanced, Investment Grade Short Dated Credit and UK Government Bond sub-funds on an effective yield basis.

Please note that the UK Government Bond sub-fund was on a coupon accounting basis in the prior year.

Global Index Linked, Index Linked and Short Duration Global Index Linked sub-funds on an effective yield basis excluding indexation on any index linked gilt-edged securities.

The Cautious Managed sub-fund does not hold direct debt securities.

#### Expenses

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

In the case of Sterling Credit, Global Index Linked, Corporate Bond, UK Government Bond, International Government Bond, Short Duration Gilts, Cautious Managed, Investment Grade Short Dated Credit, and Short Duration Global Index Linked sub-funds, all expenses are borne by capital.

For Short Term Money Market, Index Linked, Short Term Fixed Income, Diversified Asset-Backed Securities and Short Term Fixed Income Enhanced sub-funds, expenses are borne by revenue.

#### Equalisation

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

### 3. Risk management policies

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

#### Market and cash flow risk

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

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

#### Credit and liquidity risk

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

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

#### Currency risk

The value of the Company's investments may be affected by currency movements since a proportion of the assets are denominated in currencies other than sterling. The ACD may, from time to time, seek to mitigate the effect of these currency exposures by covering a proportion of its investments using forward currency hedges. The Company may also be subject to short-term exposure to exchange rate movements, for example, where there is a delay between dealing and

## Summary of Significant Accounting Policies (continued)

For the year ended 31 October 2023

### 3. Risk management policies – continued

#### Currency risk – continued

subsequent settlement. However, the ACD considers that this does not pose a significant risk given the short-term nature of this exposure. The risk of currency movements on the income property of the Company is minimised by converting income received in foreign currency into sterling on the date of transaction.

#### Interest rate risk

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

#### Derivatives risk

The ACD may employ derivatives, including swaps, for the purpose of efficient portfolio management. Diversified Asset-Backed Securities Fund has used swaps during the period to protect capital value by reducing the sensitivity of the portfolio to movements in interest rates and to target a duration of zero years. The ACD may use forward foreign currency contracts in order to hedge out some of the currency exposure in a Fund.

The ACD uses a methodology known as the “commitment approach” to measure the global exposure to derivative instruments. This methodology is used for all sub-funds with the exception of the Diversified Asset-Backed Securities Fund, which utilises the Value-at-Risk (VAR) methodology.

#### Other

##### 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 Fund’s investments or the ACD’s operations and the operations of the ACD’s and the Company’s service providers.

##### Political risk

Political conflicts and their consequences, including the economic sanctions on Russia, are having a significant impact on global financial markets and commodity pricing. Royal London Asset Management Limited is closely monitoring the associated internal political developments in relation to inflation, volatile markets and security pricing. Please refer to the Manager’s Investment Reports for commentary on the impact and outlook.

In relation to the Ukraine conflict, the sub-funds have no direct exposure to Russian companies and Royal London Asset Management Limited is complying with all restrictions and sanctions issued by the relevant authorities.

# Royal London Sterling Credit Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Sterling Credit Fund, Class M Accumulation	5.70	-11.21	0.82
Royal London Sterling Credit Fund, Class M Income	5.69	-11.32	0.70
Royal London Sterling Credit Fund, Class R Accumulation	6.20	-9.96	3.17
Royal London Sterling Credit Fund, Class S Accumulation	6.19	-9.99	–
Royal London Sterling Credit Fund, Class S Income	6.20	-9.90	–
Royal London Sterling Credit Fund, Class Z Accumulation	5.87	-10.74	–
Royal London Sterling Credit Fund, Class Z Income	5.87	-10.74	1.66
Markit iBoxx Sterling Non Gilts Index	2.79	-16.94	-5.36
IA Sterling Corporate Bond TR	3.51	-14.24	-2.60

Class S Income launched on 16 April 2019, Class S Accumulation and Class Z Accumulation launched on 1 October 2019.

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

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

### Performance overview

In the period under review, the Fund has outperformed both its benchmark and peers. It is a similar story for the 3-year and 5-year periods.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

During the period, our outperformance was driven by sector allocation and stock selection. Within sector allocation, our overweight position in insurance and underweight in supranationals was beneficial to performance, while our utility allocation was a negative. In security selection, positive returns were broad based with banks and insurers the standout performers and our structured holdings proving to be the main laggard.

In terms of activity, Fund purchases over the period had a bias towards senior new issues over the period, reflecting the fact that credit spreads in these areas were very attractive.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, as energy and food price increases moderate and sluggish GDP weakens the labour market. Nonetheless, UK interest rates are likely to remain high as the Bank of England continues to focus on bringing inflation under control.

Although the economic data remains very mixed, we still believe that elevated rates will lead to a slowdown in the UK, impacting company earnings and leading to some increase in credit rating downgrades and default rates. We still favour sterling credit bonds over government debt as credit spreads remain at reasonably attractive levels. However, recent outperformance means that their relative attractiveness has reduced. We remain focused on identifying companies with strong balance sheets, favouring issues with security and downside protection, and ensuring that portfolios are diversified across issuers and sectors.

**Paola Binns**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	127.29	157.74	151.17
Return before operating charges*	8.02	(29.68)	7.40
Operating charges	(0.71)	(0.77)	(0.83)
Return after operating charges*	7.31	(30.45)	6.57
Distributions on accumulation shares	(7.08)	(5.74)	(5.35)
Retained distributions on accumulation shares	7.08	5.74	5.35
<b>Closing net asset value per share</b>	<b>134.60</b>	<b>127.29</b>	<b>157.74</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.74%	(19.30)%	4.35%
<b>Other information</b>			
Closing net asset value (£'000)	108,021	107,359	149,170
Closing number of shares	80,253,608	84,339,049	94,565,052
Operating charges	0.53%	0.53%	0.53%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	139.60	161.40	161.50
Lowest share price	127.90	120.40	152.30

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	95.27	122.96	122.05
Return before operating charges*	6.04	(22.68)	5.83
Operating charges	(0.53)	(0.60)	(0.66)
Return after operating charges*	5.51	(23.28)	5.17
Distributions on income shares	(5.20)	(4.41)	(4.26)
<b>Closing net asset value per share</b>	<b>95.58</b>	<b>95.27</b>	<b>122.96</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.78%	(18.93)%	4.24%
<b>Other information</b>			
Closing net asset value (£'000)	56,709	75,708	175,701
Closing number of shares	59,332,341	79,470,436	142,887,708
Operating charges	0.53%	0.53%	0.53%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	103.20	125.80	128.20
Lowest share price	95.71	91.21	121.80

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	97.32	120.04	114.50
Return before operating charges*	6.13	(22.66)	5.61
Operating charges	(0.06)	(0.06)	(0.07)
Return after operating charges*	6.07	(22.72)	5.54
Distributions on accumulation shares	(5.43)	(4.38)	(4.06)
Retained distributions on accumulation shares	5.43	4.38	4.06
<b>Closing net asset value per share</b>	<b>103.39</b>	<b>97.32</b>	<b>120.04</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.24%	(18.93)%	4.84%
<b>Other information</b>			
Closing net asset value (£'000)	351,376	348,963	421,862
Closing number of shares	339,845,229	358,555,897	351,431,695
Operating charges	0.06%	0.06%	0.06%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	106.80	122.90	122.80
Lowest share price	97.78	92.05	115.40

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	88.12	108.68	103.66
Return before operating charges*	5.55	(20.51)	5.07
Operating charges	(0.05)	(0.05)	(0.05)
Return after operating charges*	5.50	(20.56)	5.02
Distributions on accumulation shares	(4.91)	(3.96)	(3.68)
Retained distributions on accumulation shares	4.91	3.96	3.68
<b>Closing net asset value per share</b>	<b>93.62</b>	<b>88.12</b>	<b>108.68</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.24%	(18.92)%	4.84%
<b>Other information</b>			
Closing net asset value (£'000)	46,171	15,795	22,797
Closing number of shares	49,317,382	17,925,246	20,976,166
Operating charges	0.05%	0.05%	0.05%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	96.74	111.20	111.20
Lowest share price	88.53	83.34	104.50

## Comparative Tables (continued)

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	81.98	105.31	103.90
Return before operating charges*	5.19	(19.49)	5.10
Operating charges	(0.04)	(0.05)	(0.05)
Return after operating charges*	5.15	(19.54)	5.05
Distributions on income shares	(4.48)	(3.79)	(3.64)
<b>Closing net asset value per share</b>	<b>82.65</b>	<b>81.98</b>	<b>105.31</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.28%	(18.55)%	4.86%
<b>Other information</b>			
Closing net asset value (£'000)	147,970	152,770	184,309
Closing number of shares	179,023,793	186,339,716	175,015,535
Operating charges	0.05%	0.05%	0.05%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	88.94	107.80	109.30
Lowest share price	82.37	78.48	104.00

### Class Z Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	87.30	108.01	103.33
Return before operating charges*	5.50	(20.36)	5.05
Operating charges	(0.32)	(0.35)	(0.37)
Return after operating charges*	5.18	(20.71)	4.68
Distributions on accumulation shares	(4.86)	(3.93)	(3.66)
Retained distributions on accumulation shares	4.86	3.93	3.66
<b>Closing net asset value per share</b>	<b>92.48</b>	<b>87.30</b>	<b>108.01</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.93%	(19.17)%	4.53%
<b>Other information</b>			
Closing net asset value (£'000)	86,259	61,586	133,767
Closing number of shares	93,275,940	70,543,184	123,847,512
Operating charges	0.35%	0.35%	0.35%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	95.77	110.50	110.50
Lowest share price	87.70	82.58	104.10

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	110.77	142.71	141.23
Return before operating charges*	7.01	(26.37)	6.93
Operating charges	(0.40)	(0.45)	(0.51)
Return after operating charges*	6.61	(26.82)	6.42
Distributions on income shares	(6.05)	(5.12)	(4.94)
<b>Closing net asset value per share</b>	<b>111.33</b>	<b>110.77</b>	<b>142.71</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.97%	(18.79)%	4.55%
<b>Other information</b>			
Closing net asset value (£'000)	1,433,387	1,167,508	1,370,229
Closing number of shares	1,287,501,293	1,054,031,860	960,165,157
Operating charges	0.35%	0.35%	0.35%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	120.10	146.00	148.40
Lowest share price	111.30	106.00	141.20

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Commercial Mortgage Backed Securities – 2.13% (31/10/22 – 2.63%)</b>			
£2,402,000	British Land 5.264% 24/9/2035	2,138	0.10
£5,297,000	Canary Wharf Finance II (A7) FRN 22/10/2037	4,211	0.19
£13,796,749	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	9,751	0.44
£11,233,356	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	6,882	0.31
£13,160,000	Income Contingent Student Loan FRN 24/7/2056	739	0.03
£24,369,000	Income Contingent Student Loan 2 FRN 24/7/2058	2,429	0.11
£8,736,000	Magenta 2020 FRN 20/12/2024	7,653	0.34
£3,064,000	Scorpio European Loan Conduit No.34 FRN 17/5/2029	2,944	0.13
£5,000,000	Stark Financing 2023-1 DAC FRN 17/8/2033	4,988	0.22
£6,120,000	Taurus 2019-2 FRN 17/11/2029	5,750	0.26
<b>Total Commercial Mortgage Backed Securities</b>		<b>47,485</b>	<b>2.13</b>
<b>Corporate Bonds – 95.28% (31/10/22 – 93.71%)</b>			
£9,605,000	3i Group 3.75% 5/6/2040	6,667	0.30
£7,296,000	AA Bond 6.269% 2/7/2043	7,167	0.32
£6,657,000	AA Bond 7.375% 31/7/2050	6,217	0.28
£1,684,000	AA Bond 8.45% 31/7/2050	1,686	0.08
\$5,400,000	abrdn 4.25% variable 30/6/2028	3,749	0.17
£6,229,000	abrdn 5.25% variable perpetual	5,001	0.22
£3,189,000	Admiral Group 8.5% 6/1/2034	3,243	0.15
£11,900,000	Aggregate Micro Power Infrastructure No.2 8% 17/10/2036*	10,674	0.48
\$10,000,000	Allianz 3.2% variable perpetual	5,861	0.26
£3,375,000	Alpha Plus 5% 31/3/2024	3,324	0.15
£13,232,000	Anglian Water Osprey Financing 4% 8/3/2026	12,046	0.54
£9,158,000	Annington Funding 3.184% 12/7/2029	7,582	0.34
£15,376,000	Annington Funding 3.935% 12/7/2047	10,037	0.45
£4,008,000	Annington Funding 4.75% 9/8/2033	3,356	0.15
\$1,965,000	Argentum Netherlands 4.625% variable perpetual	1,483	0.07
£7,071,000	Aroundtown 3.625% 10/4/2031	4,595	0.21
£9,655,000	Arqiva Financing 4.882% 31/12/2032	5,679	0.25
£3,440,000	Arqiva Financing 7.21% 30/6/2045	3,532	0.16
£4,613,000	Artesian Finance 6% 30/9/2033	4,576	0.21
£16,562,000	Aspire Defence Finance 'A' 4.674% 31/3/2040	11,911	0.53
£11,748,000	Aspire Defence Finance 'B' 4.674% 31/3/2040	8,464	0.38
£22,700,000	Assicurazioni Generali 6.269% perpetual	21,928	0.98
£2,800,000	AT&T 4.25% 1/6/2043	2,084	0.09
£6,255,000	Australia and New Zealand Banking Group 1.809% variable 16/9/2031	5,370	0.24
£9,390,000	Aviva 6.125% variable 14/11/2036	9,284	0.42
£34,753,000	Aviva 6.875% variable 20/5/2058	32,195	1.44
\$9,939,000	AXA 6.379% variable perpetual	8,482	0.38
£15,000,000	AXA 6.6862% variable perpetual	14,795	0.66
£7,089,000	AXA 1.875% variable 10/7/2042	4,616	0.21
£8,800,000	Banco Bilbao Vizcaya Argentia 8.25% variable 30/11/2033	8,912	0.40
£7,900,000	Banco Santander 2.25% variable 4/10/2032	6,462	0.29
£17,980,000	Barclays Bank 4.75% variable perpetual	13,856	0.62
£13,930,000	Barclays 5.875% variable perpetual	12,937	0.58
\$33,080,000	Barclays 6.278% variable perpetual	25,337	1.14
£4,097,000	Barclays 6.369% variable 31/1/2031	3,972	0.18
£10,705,000	Barclays 8.407% variable 14/11/2032	10,897	0.49
£7,341,000	Barclays 8.875% variable perpetual	6,782	0.30
£11,791,000	Barclays 9.25% variable perpetual	10,730	0.48
£4,350,000	Barclays 7.09% variable 6/11/2029	4,324	0.19
£3,000,000	BAT International Finance 4% 23/11/2055	1,622	0.07
£7,063,000	BBC Pacific Quay Finance 5.5653% 25/7/2034	5,188	0.23
£6,502,000	Blackstone Property Partners Europe 1% 20/10/2026	4,907	0.22
£4,389,000	Blackstone Property Partners Europe 2.625% 20/10/2028	3,412	0.15

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£9,035,000	Blackstone Property Partners Europe 4.875% 29/4/2032	6,999	0.31
£3,567,000	Blend Funding 2.467% 16/6/2063	1,634	0.07
£2,395,000	Blend Funding 2.984% 15/3/2036	1,798	0.08
£4,498,000	Blend Funding 3.508% 4/5/2059	2,820	0.13
£9,800,000	BNP Paribas 2% variable 24/5/2031	8,537	0.38
£10,600,000	BNP Paribas 5.75% 13/6/2032	10,219	0.46
\$11,084,000	BNP Paribas 7.75% variable perpetual	8,469	0.38
£10,652,000	BP Capital Markets 4.25% variable perpetual	9,518	0.43
£5,264,000	BP Capital Markets 5.773% 25/5/2038	5,108	0.23
£7,400,000	BPCE 2.125% variable 13/10/2046	4,634	0.21
£11,100,000	BPCE 2.5% variable 30/11/2032	9,131	0.41
£8,100,000	BPCE 6.125% 24/5/2029	7,965	0.36
£6,727,000	British American Tobacco 3.75% variable perpetual	4,581	0.21
£14,273,000	British Land 5.264% 24/9/2035	12,707	0.57
£2,552,000	British Land 5.357% 31/3/2028	2,439	0.11
£4,602,000	BUPA Finance 4% variable perpetual	2,761	0.12
£7,897,000	BUPA Finance 4.125% 14/6/2035	5,636	0.25
£1,879,000	BWP Issuer 2.868% 30/6/2036	1,201	0.05
£8,200,000	CaixaBank 6.875% variable 25/10/2033	7,842	0.35
£3,900,000	CaixaBank 3.5% variable 6/4/2028	3,510	0.16
£14,095,000	Canary Wharf Finance II 5.952% 22/10/2037	13,355	0.60
£9,699,000	Centrica 5.25% variable 10/4/2075	9,277	0.42
£1,695,000	Channel Link Enterprises Finance FRN 30/12/2050	1,251	0.06
£6,450,000	Cheltenham & Gloucester 11.75% perpetual	9,095	0.41
£5,417,000	Close Brothers Finance 2% variable 11/9/2031	4,448	0.20
£5,769,000	Close Brothers Group 7.75% 14/6/2028	5,795	0.26
£10,750	Clydeport Operations 3% perpetual	8	–
£5,750	Clydeport Authorities 4% perpetual	4	–
£6,400,000	Commerzbank 8.625% variable 28/2/2033	6,399	0.29
£7,790,000	Connect M77 GSO 5.404% 31/3/2034	4,533	0.20
£7,400,000	Co-operative Rabobank 4.875% variable perpetual	5,283	0.24
£7,108,000	Co-operative Bank 9.5% variable 25/4/2029	6,951	0.31
£10,234,000	Co-operative Bank Finance 6% variable 6/4/2027	9,287	0.42
£6,424,000	Co-operative Bank Finance 9.5% variable 24/5/2028	6,327	0.28
£8,944,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	8,537	0.38
£5,568,000	Coventry Building Society 6.875% variable perpetual	5,318	0.24
£3,973,000	Coventry Building Society 7% variable 7/11/2027	3,971	0.18
£2,257,000	CPUK Finance 3.588% 28/2/2042	2,140	0.10
£6,204,000	CPUK Finance 3.69% 28/2/2047	5,449	0.24
£3,611,000	CPUK Finance 6.136% 28/2/2047	3,428	0.15
£3,400,000	Credit Agricole 1.874% variable 9/12/2031	2,895	0.13
£5,200,000	Credit Agricole 5.875% 25/10/2033	4,554	0.20
£4,370,000	Credit Agricole 7.5% variable perpetual	4,097	0.18
£5,061,000	Credit Agricole SA 7.5% variable perpetual	4,738	0.21
\$1,800,000	Credit Agricole SA 8.125% variable perpetual	1,465	0.07
£5,359,000	Credit Suisse 2.25% variable 9/6/2028	4,598	0.21
£3,337,000	Credit Suisse 7% variable 30/9/2027	3,356	0.15
£10,249,000	Credit Suisse 7.75% 10/3/2026	10,525	0.47
£18,999,000	Credit Suisse 7.375% variable 7/9/2033	19,975	0.90
\$7,000,000	Credit Suisse Group 7.5% variable perpetual*	0	–
£6,174,000	CYBG 4% variable 25/9/2026	5,771	0.26
£4,987,000	CYBG 9.25% variable perpetual	4,877	0.22
£6,900,000	Daily Mail & General 6.375% 21/6/2027	6,257	0.28
£3,000,000	Danske Bank 2.25% 14/1/2028	2,623	0.12
£10,000,000	Delamare Finance 5.5457% 19/2/2029	5,363	0.24
£14,509,000	Derby Healthcare 5.564% 30/6/2041	12,432	0.56

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 95.28% (31/10/22 – 93.71%) – continued</b>							
£8,400,000	Deutsche Bank 1.875% variable 22/12/2028	6,836	0.31	£9,935,000	Income Contingent Student Loan 2.5% 24/7/2056	5,135	0.23
£11,305,000	Dignity Finance 3.5456% 31/12/2034	6,461	0.29	£18,072,000	Income Contingent Student Loan 2.5% 24/7/2058	9,763	0.44
£4,166,000	Direct Line Insurance 4% 5/6/2032	2,996	0.13	£10,200,000	ING Groep NV 6.25% variable 20/5/2033	9,693	0.43
£2,750,000	E.ON International Finance 6.125% 6/7/2039	2,647	0.12	£5,898,000	InterContinental Hotels 3.375% 8/10/2028	5,163	0.23
\$12,000,000	E.ON International Finance 6.65% 30/4/38	9,686	0.43	£14,450,000	Intermediate Capital Group 2.5% 28/1/2030	9,679	0.43
£18,000,000	Electricite de France 5.875% variable perpetual	14,805	0.66	£7,802,000	International Business Machines 4.875% 6/2/2038	6,818	0.31
£25,500,000	Electricite de France 6% 23/1/2114	20,637	0.93	£6,768,000	Intesa Sanpaolo SpA 6.5% 14/3/2029	6,547	0.29
£14,100,000	Electricite de France 6% variable perpetual	12,997	0.58	£2,396,000	Intu (SGS) Finance 4.25% 17/9/2035	1,281	0.06
£4,600,000	Enel Finance 5.75% 14/9/2040	4,227	0.19	£2,708,000	Intu (SGS) Finance 4.625% 17/3/2033	1,454	0.07
£17,550,000	Equity Release Funding FRN 14/7/2045	12,104	0.54	£6,631,000	Intu Debenture 5.562% 31/12/2027	2,200	0.10
£11,455,000	Equity Release Funding 5.7% 26/2/2031	5,073	0.23	£20,722,000	Intu Metrocentre Finance 4.125% 6/12/2028	10,937	0.49
£9,462,000	Equity Release Funding 5.88% 26/5/2032	5,457	0.24	£14,311,000	Investec 1.875% variable 16/7/2028	11,707	0.53
£13,463,000	Equity Release Funding No.3 5.05% 26/4/2033	11,870	0.53	£3,697,000	Investec 2.625% variable 4/1/2032	3,012	0.14
£5,600,000	Eskmuir Group Finance 4.255% 12/12/2047*	3,154	0.14	£3,396,000	Investec 9.125% variable 6/3/2033	3,397	0.15
£3,870,000	Esure Group 12% variable 20/12/2033	3,957	0.18	£1,836,000	John Lewis 4.25% 18/12/2034	1,147	0.05
£8,418,000	Esure Group 6% variable perpetual	5,808	0.26	£7,873,000	JRP Group 9% 26/10/2026	8,260	0.37
£8,836,000	Eversholt Funding 2.742% 30/6/2040	6,000	0.27	\$2,246,000	Julius Baer Group 3.625% variable perpetual	1,208	0.05
£4,610,000	Eversholt Funding 3.529% 7/8/2042	3,235	0.15	\$2,210,000	Julius Baer Group 6.875% variable perpetual	1,569	0.07
£5,900,000	Eversholt Funding 6.697% 22/2/2035	4,913	0.22	£1,435,000	Jupiter Fund Management 8.875% variable 27/7/2030	1,418	0.06
£5,696,000	Exchequer Partnership 5.396% 13/7/2036	4,041	0.18	£4,508,000	Just Group 7% variable 15/4/2031	4,334	0.19
£7,000,000	Fidelity National Information 3.36% 21/5/2031	5,855	0.26	£13,811,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	9,027	0.40
£3,615,000	Freshwater Finance 4.607% 17/10/2036	2,870	0.13	£2,097,000	Law Debenture 6.125% 12/10/2034*	2,102	0.09
£8,222,000	Freshwater Finance 5.182% 20/4/2035	7,392	0.33	£11,222,000	Legal & General 3.75% variable 26/11/2049	9,241	0.41
£11,053,000	Gatwick Funding 2.5% 15/4/2032	8,956	0.40	£5,670,000	Legal & General 4.5% variable 1/11/2050	4,762	0.21
£9,600,000	GB Social Housing 5.193% 12/2/2038	8,615	0.39	£4,079,000	Legal & General 5.125% variable 14/11/2048	3,726	0.17
£2,825,000	GE Capital UK Funding 5.875% 18/1/2033	2,761	0.12	£42,052,000	Legal & General 5.5% variable 27/6/2064	35,737	1.60
£9,132,000	General Electric Capital 4.875% 18/9/2037	7,655	0.34	£4,889,000	Lendinvest Secured Income II 11.5% 3/10/2026	4,823	0.22
£8,000,000	Genfinance II 6.064% 21/12/2039	7,843	0.35	£1,046,000	Lendlease Europe Finance 3.5% 2/12/2033	683	0.03
£2,660,000	Goldman Sachs 6.875% 18/1/2038	2,575	0.12	£7,297,000	Liberty Mutual Group 3.625% variable 23/5/2059	6,051	0.27
£2,241,000	Grainger 3% 3/7/2030	1,747	0.08	£5,588,000	Liverpool Victoria Friendly Society 6.5% variable 22/5/2043	5,372	0.24
£2,628,000	Grainger 3.375% 24/4/2028	2,273	0.10	£6,600,000	Lloyds Bank 0% Step 22/3/2032	4,105	0.18
£6,417,000	Great Rolling Stock 6.5% 5/4/2031	4,699	0.21	£3,994,000	Lloyds Banking Group 1.985% variable 15/12/2031	3,429	0.15
£6,200,000	Great Rolling Stock 6.875% 27/7/2035	3,440	0.15	£13,270,000	Lloyds Banking Group 2.707% variable 3/12/2035	9,727	0.44
£4,457,000	Greene King 3.593% 15/3/2035	3,346	0.15	£6,851,000	Lloyds Banking Group 8.5% variable perpetual	6,397	0.29
£3,281,000	GreenSquareAccord 5.25% 30/11/2047	2,810	0.13	£4,979,000	Lloyds Banking 8.5% variable perpetual	4,556	0.20
£4,920,000	Guinness Trust 7.5% 30/11/2037	3,999	0.18	£18,440,000	Longstone Finance 4.791% 19/4/2036	6,490	0.29
£6,387,000	Gwynt y Môr OFTO 2.778% 17/2/2034	3,558	0.16	£3,141,000	Lunar Funding 5.75% 18/10/2033	3,094	0.14
£10,957,607	Harbour Funding 5.28% 31/3/2044	10,264	0.46	£16,211,000	M&G 5% variable 20/7/2055	13,409	0.60
£4,533,000	Hastoe Capital 5.6% 27/3/2042	4,099	0.18	£26,163,000	M&G 5.7% variable 19/12/2063	21,429	0.96
£5,027,004	Haven Funding 8.125% 30/9/2037	4,693	0.21	£12,072,000	M&G 6.25% variable 20/10/2068	9,588	0.43
£4,505,000	Heathrow Finance 4.125% 1/9/2029	3,603	0.16	£233,000	Marstons Issuer 5.641% variable 15/7/2035	168	0.01
£4,120,000	Heathrow Finance 4.75% 1/3/2024	4,064	0.18	£23,130,000	Meadowhall Finance 4.986% 12/1/2032	10,396	0.47
£4,901,000	Heathrow Funding 2.625% 16/3/2028	4,097	0.18	£7,857,000	Mercantile Investment Trust 6.125% 25/2/2030	7,917	0.36
£17,318,000	Heathrow Funding 2.75% 13/10/2031	14,453	0.65	£1,941,822	Metrocentre New Money Note Sonia + 11% PIK 6/12/2023*	1,884	0.08
£7,528,000	Heathrow Funding 6.45% 10/12/2031	7,621	0.34	£4,900,000	Metropolitan Housing Trust 1.875% 28/7/2036	3,094	0.14
£3,000,000	Heinz (HJ) Finance 6.25% 18/2/2030	2,969	0.13	£3,442,000	MIELI London 4.82% 12/8/2027*	3,130	0.14
£1,950,000	Hemingway Properties 10.375% 31/7/2024*	1,658	0.07	£9,264,000	Mitchells & Butler 6.013% 15/12/2028	5,856	0.26
£3,290,000	Hexagon Housing Association 3.625% 22/4/2048	2,100	0.09	£9,500,000	Mitchells & Butlers (A1N) FRN 15/12/2030	3,286	0.15
£3,056,000	High Speed Rail Finance 4.375% 1/11/2038	2,602	0.12	£13,744,000	Mitchells & Butlers (A4) FRN 15/12/2028	6,683	0.30
£4,581,000	Home Group 0% 11/5/2027	3,470	0.16	£11,180,000	Mitchells & Butlers 5.574% 15/12/2030	2,636	0.12
£3,550,000	Home Group 8.75% 11/5/2037	4,037	0.18	£1,255,000	Mitchells & Butlers FRN 15/12/2033	916	0.04
£4,426,000	HSBC 3% variable 22/7/2028	3,925	0.18				
£15,957,000	HSBC 5.844% variable perpetual	15,572	0.70				
£4,700,000	HSBC Holdings 7% 7/4/2038	4,531	0.20				
£30,598,000	HSBC 8.201% variable 16/11/2034	31,397	1.41				
\$3,072,000	HSBC Capital Funding Lp 10.176% variable perpetual	3,081	0.14				
£5,177,000	HSBC Holdings 6.8% variable 14/9/2031	5,207	0.23				
£15,469,000	IG Group 3.125% 18/11/2028	12,439	0.56				
£5,330,000	Imperial Tobacco Finance 4.875% 7/6/2032	4,514	0.20				

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 95.28% (31/10/22 – 93.71%) – continued</b>							
£3,000,000	Mizuho Financial 5.628% 13/6/2028	2,956	0.13	£5,794,000	RSL Finance 6.625% 31/3/2038	4,733	0.21
£3,536,000	Mondelez International 3.875% 6/3/2045	2,469	0.11	£6,271,000	Sainsburys Bank 10.5% variable 12/3/2033	6,475	0.29
£5,357,000	Morgan Stanley 5.789% variable 18/11/2033	5,181	0.23	£3,215,000	Sampo Oyj 2.5% variable 3/9/2052	2,142	0.10
£13,821,000	Morhomes 3.4% 19/2/2040	10,115	0.45	£4,417,000	Sanctuary 8.375% 1/9/2031	3,742	0.17
£4,561,000	MPT Operating Partnership 3.375% 24/4/2030	2,734	0.12	£14,736,000	Santander UK 10.0625% perpetual	19,007	0.85
£9,061,000	MPT Operating Partnership 3.692% 5/6/2028	6,100	0.27	£7,306,000	Santander UK 2.421% variable 17/01/2029	6,137	0.28
£4,100,000	Myriad Capital 4.75% 20/12/2043	3,303	0.15	£11,385,000	Santander UK 7.098% variable 16/11/2027	11,448	0.51
£6,332,000	National Australia Bank 1.699% variable 15/9/2031	5,395	0.24	£8,125,000	Saxon Weald Capital 5.375% 6/6/2042	7,407	0.33
£1,700,000	National Exhibition Center 7.5625% 30/9/2027	1,802	0.08	£9,981,000	Scentre Group 5.125% variable 24/9/2080	6,781	0.30
£6,359,000	National Express 4.25% variable perpetual	5,294	0.24	£8,400,000	Scientific Committee on Oceanic Research 5.25% variable perpetual	5,120	0.23
£3,907,000	NatWest Group 3.619% variable 29/3/2029	3,464	0.16	£5,000,000	Scot Roads Partnership Finance 5.591% 16/3/2045	4,350	0.20
£2,415,000	NatWest Group 5.125% variable perpetual	1,995	0.09	£4,370,000	Scottish Investment Trust 5.75% 17/4/2030	4,307	0.19
£4,262,000	NatWest Group 7.416% variable 6/6/2033	4,220	0.19	£16,153,000	Scottish Widows 7% 16/6/2043	15,057	0.68
£5,199,000	NatWest Markets 6.375% 8/11/2027	5,258	0.24	£5,000,000	Skipton Building Society 6.25% variable 25/4/2029	4,818	0.22
£50,000	New Brunswick 4% perpetual	12	–	£6,800,000	Societe Generale SA 9.375% variable perpetual	5,410	0.24
£8,770,000	NIBC Bank 0.9673% variable perpetual	5,692	0.26	£12,103,000	Society of Lloyds 4.875% variable 7/2/2047	11,224	0.50
£2,790,000	Northern Gas Networks Finance 6.125% 2/6/2033	2,736	0.12	£7,398,000	South East Water 5.5834% 29/3/2029	7,014	0.31
£2,960,000	Northumbrian Water Finance 6.375% 28/10/2034	2,878	0.13	£5,725,000	Southern Gas Networks 6.625% 14/3/2035	5,708	0.26
£3,500,000	Notting Hill Housing Trust 5.25% 7/7/2042	3,088	0.14	£5,681,000	Southern Housing Group 2.375% 8/10/2036	3,768	0.17
£4,459,000	Octagon Healthcare 5.333% 31/12/2035	3,085	0.14	£2,013,000	Southern Housing Group 3.5% 19/10/2047	1,291	0.06
£3,900,000	Opus Chartered variable 31/3/2025	960	0.04	£1,750,000	Southern Water Services Finance 2.375% 28/5/2028	1,439	0.06
£6,072,000	Orsted 2.5% variable 18/2/3021	3,725	0.17	£6,737,000	Southern Water Services Finance 3% 28/5/2037	4,227	0.19
£11,389,000	OSB Group 6% variable perpetual	8,143	0.37	£7,025,000	Southern Water Services Finance 6.64% 31/3/2026	6,937	0.31
£6,299,000	OSB Group 9.993% variable 27/7/2033	5,976	0.27	£8,023,000	SSE 3.74% variable perpetual	7,301	0.33
£12,252,963	Peel Land & Property Investments 8.375% Step 30/4/2040	12,129	0.54	£3,423,000	St James Oncology Financing 2.804% 31/3/2037	2,037	0.09
£2,594,000	Pension Insurance 3.625% 21/10/2032	1,884	0.08	£3,756,000	Stagecoach 4% 29/9/2025	3,554	0.16
£3,888,000	Pension Insurance 4.625% 7/5/2031	3,169	0.14	£7,748,000	Standard Chartered 5.125% 6/6/2034	6,621	0.30
£7,042,000	Pension Insurance 5.625% 20/9/2030	6,177	0.28	£8,800,000	Standard Chartered 6.409% variable perpetual	6,617	0.30
£14,809,000	Peterborough Progress Health 5.581% 2/10/2042	9,542	0.43	£5,200,000	Suez SACA 6.625% 5/10/2043	5,129	0.23
£8,323,000	Pfizer Investment Enterprises 5.34% 19/5/2063	5,872	0.26	£6,822,000	Summit Finance 6.484% 31/3/2028	2,037	0.09
£5,382,000	PGH Capital 6.625% 18/12/2025	5,352	0.24	£12,409,000	Sunderland 6.38% 31/3/2042	11,872	0.53
£7,010,000	Phoenix Group Holdings 5.75% variable perpetual	5,450	0.24	£1,873,000	Sustainable Communities for Leeds Finance 5.069% 30/9/2032	1,098	0.05
£7,865,000	Places for People Homes 6.625% 30/9/2038	5,705	0.26	£14,108,000	Swan Housing Capital 3.625% 5/3/2048	9,551	0.43
£10,825,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	8,713	0.39	£12,775,000	Swedbank 7.272% variable 15/11/2032	12,608	0.57
£4,700,000	Premier Transmission Finance 5.2022% 31/3/2030	1,767	0.08	£5,300,000	Swiss Re Finance 2.714% variable 4/6/2052	3,715	0.17
£9,406,000	Premiertel 6.175% 8/5/2032	6,502	0.29	£15,193,000	Telereal Secured Finance 4.01% 10/12/2033	7,513	0.34
£7,090,000	Principality Building Society 8.625% 12/7/2028	7,304	0.33	£5,279,000	Telereal Securitisation 1.3657% 10/12/2033	3,170	0.14
£6,527,000	Protective Life Global Funding 5.248% 13/1/2028	6,388	0.29	£4,395,000	Telereal Securitisation 1.9632% variable 10/12/2033	3,952	0.18
£10,500,000	Prudential 6.125% 19/12/2031	10,261	0.46	£10,049,000	Telereal Securitisation 3.507% variable 10/12/2033	9,044	0.41
£5,606,000	Prudential Financial 6% variable 1/9/2052	4,135	0.19	£4,300,400	Telereal Securitisation 3.5625% 10/12/2036	3,659	0.16
£17,024,000	QBE Insurance 2.5% variable 13/9/2038	13,589	0.61	£2,364,700	Telereal Securitisation 3.5625% 10/12/2036	1,998	0.09
£2,203,000	RAC Bond Co 8.25% 6/5/2046	2,224	0.10	£5,188,000	Telereal Securitisation 4.9741% 10/12/2033	2,001	0.09
£8,162,000	Reassure Group 5.867% 13/6/2029	7,471	0.34	£6,500,000	Telereal Securitisation 5.4252% 10/12/2033	5,172	0.23
£15,168,000	RMPA Services 5.337% 30/9/2038	9,524	0.43	£12,931,000	Telereal Securitisation 6.1645% 10/12/2033	10,531	0.47
£6,500,000	Rothsay Life 5% variable perpetual	4,124	0.18	£7,500,000	Telereal Securitisation FRN 10/12/2033	2,467	0.11
£6,797,000	Rothsay Life 5.5% variable 17/9/2029	6,673	0.30	£8,956,000	Telereal Securitisation FRN 10/12/2033	6,603	0.30
£6,583,000	Rothsay Life 6.875% variable perpetual	5,442	0.24	£5,416,000	Telereal Securitisation FRN 10/12/2033	4,289	0.19
£2,968,000	Rothsay Life 7.734% 16/5/2033	2,863	0.13				
£3,500,000	Royal Bank of Scotland 3.622% variable 14/8/2030	3,286	0.15				
£2,658,000	RSA Insurance 5.125% variable 10/10/2045	2,558	0.11				

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 95.28% (31/10/22 – 93.71%) – continued</b>			
£14,035,000	Tesco Property 5.8006% 13/10/2040	11,897	0.53
£4,000,000	Tesco Property 6.0517% 13/10/2039	2,840	0.13
£4,000,000	Tesco Property Finance 7.6227% 13/7/2039	3,301	0.15
£9,827,000	Thames Water Kemble Finance 4.625% 19/5/2026	5,559	0.25
£5,534,000	Thames Water Utilities 2.875% 3/5/2027	4,128	0.19
£4,300,000	Thames Water Utilities 6.5% 9/2/2032	3,970	0.18
£10,100,000	Thames Water Utilities 7.738% 9/4/2058	9,903	0.44
£3,042,000	Thames Water Utilities Finance 8.25% 25/4/2040	3,100	0.14
£9,541,000	THFC Funding 5.2% 11/10/2043	8,445	0.38
£4,589,000	Time Warner Cable 5.25% 15/7/2042	3,577	0.16
£3,620,000	Time Warner Cable 5.75% 2/6/2031	3,353	0.15
£6,367,000	TP ICAP 2.625% 18/11/2028	4,885	0.22
£4,734,000	TP ICAP 5.25% 29/5/2026	4,464	0.20
£3,121,000	TP ICAP Finance 7.875% 17/4/2030	3,029	0.14
£3,870,000	Trafford Centre 6.5% 28/7/2033	2,388	0.11
£11,600,000	Trafford Centre FRN 28/7/2035	9,280	0.42
£5,326,000	Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX*	2,897	0.13
£6,164,000	Unifund 5.32% 7/12/2047	4,822	0.22
£32,066,000	Unique Pub Finance 5.659% 30/6/2027	11,994	0.54
£10,555,000	UPP Bond Issuer 4.9023% 28/2/2040	7,783	0.35
£7,272,000	Vattenfall 2.5% variable 29/6/2083	5,720	0.26
£3,795,000	Vattenfall AB 6.875% variable 17/8/2083	3,654	0.16
£5,000,000	Verizon Communications 3.375% 27/10/2036	3,754	0.17
£1,308,000	Verizon Communications Inc 1.875% 3/11/2038	753	0.03
£5,457,000	Virgin Money 2.625% variable 19/8/2031	4,647	0.21
£8,507,000	Virgin Money 5.125% variable 11/12/2030	7,957	0.36
£9,066,000	Virgin Money 8.25% variable perpetual	7,799	0.35
£2,751,000	Virgin Money UK 7.625% variable 23/8/2029	2,759	0.12
£6,679,000	Vodafone Group 5.125% variable 4/6/2081	3,497	0.16
£6,521,000	Vodafone Group 8% variable 30/8/2086	6,466	0.29
£5,000,000	Volkswagen International Finance 4.375% variable perpetual	3,459	0.16
£4,300,000	Volkswagen International Finance 7.875% variable perpetual	3,783	0.17
£3,043,000	Weir Group 6.875% 14/6/2028	3,041	0.14
£2,472,000	Wessex Water Services Finance 5.125% 31/10/2032	2,256	0.10
£4,112,000	Westfield America Management 2.625% 30/3/2029	3,259	0.15
£7,160,000	Westfield Stratford City Finance 1.642% 4/8/2031	6,268	0.28
£12,515,000	White City Property 5.1202% 17/4/2035	9,042	0.41
£4,520,000	Worcestershire Hospital 5.57% 31/12/2030	2,065	0.09
£11,842,000	Yorkshire Building Society 3.375% variable 13/9/2028	10,146	0.45
£4,178,000	Yorkshire Building Society 7.375% variable 12/9/2027	4,205	0.19
£5,976,000	Yorkshire Water Finance 5.25% 28/4/2030	5,582	0.25
£3,100,000	Yorkshire Water Finance 5.5% 28/4/2035	2,778	0.12
£2,400,000	Yorkshire Water Services 4.965% 13/6/2033	2,035	0.09
\$12,354,000	Zurich Finance 3% variable 19/4/2051	7,608	0.34
£6,417,000	Zurich Finance 5.125% variable 23/11/2052	5,614	0.25
<b>Total Corporate Bonds</b>		<b>2,124,491</b>	<b>95.28</b>

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Preference Bonds – 1.39% (31/10/22 – 1.54%)</b>			
£2,500,000	Haleon FRN preference perpetual*	2,520	0.11
NOK 20,586,184	Jacktel preference	3,037	0.14
£8,379,398	Lloyds Bank 9.25% Non Cumulative Preference perpetual	10,642	0.48
£11,084,653	Santander UK Preference 10.375% perpetual	14,610	0.66
<b>Total Corporate Preference Bonds</b>		<b>30,809</b>	<b>1.39</b>
<b>Government Bonds – 0.14% (31/10/22 – 0.17%)</b>			
£4,650,000	United Mexican States 5.625% 19/3/2114	3,224	0.14
<b>Total Government Bonds</b>		<b>3,224</b>	<b>0.14</b>
<b>Index Linked Bonds – 0.32% (31/10/22 – 0.42%)</b>			
£3,129,000	Coventry & Rugby 3.246% IL 30/6/2040	4,312	0.19
£4,670,000	Road Management Services 3.642% IL 31/3/2028*	2,927	0.13
<b>Total Index Linked Bonds</b>		<b>7,239</b>	<b>0.32</b>
<b>Forward Currency Contracts – 0.01% (31/10/22 – (0.11)%)</b>			
	Buy £74,654,187 & Sell €85,710,000†	(199)	(0.01)
	Buy £1,396,351 & Sell NOK 18,300,000†	45	–
	Buy £125,274,400 & Sell \$151,550,000†	449	0.02
<b>Total Forward Currency Contracts</b>		<b>295</b>	<b>0.01</b>
<b>Total value of investments*</b>		<b>2,213,543</b>	<b>99.27</b>
<b>Net other assets</b>		<b>16,350</b>	<b>0.73</b>
<b>Total net assets</b>		<b>2,229,893</b>	<b>100.00</b>

\* Level 3 asset

^ Including investment liabilities

~ Suspended

† Unlisted

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
HSBC 8.201% variable 16/11/2034	30,970
Legal & General 5.5% variable 27/6/2064	30,181
Royal Bank of Scotland 4.875% 20/12/2024	29,223
Barclays 6.278% variable perpetual	25,312
Credit Suisse Group 7.375% variable 7/9/2033	14,730
Credit Suisse 7.75% 10/3/2026	13,959
Barclays Bank 4.75% variable perpetual	13,705
Barclays 9.25% variable perpetual	11,792
Aviva 6.875% variable 20/5/2058	11,596
Santander UK 7.098% variable 16/11/2027	11,475
<b>Subtotal</b>	<b>192,943</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>952,730</b>

### Significant Sales

	Proceeds £'000
Royal Bank of Scotland 4.875% 20/12/2024	29,210
HSBC 5.375% variable 4/11/2030	23,342
HSBC 4.75% 24/03/2046	17,334
AXA 5.625% variable 16/1/2054	14,204
Leeds Building Society 3.75% variable 25/4/2029	14,127
HSBC 5.375% 22/08/2033	13,009
Shaftesbury Chinatown 2.348% 30/09/2027	12,570
NGG Finance 5.625% variable 18/6/2073	11,696
Barclays 5.75% 14/9/2026	10,027
Yorkshire Water Finance 3.75% variable 22/3/2046	9,288
<b>Subtotal</b>	<b>154,807</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>633,262</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	9,288	(543,499)
Revenue	3	112,980	87,477
Expenses	4	(6,244)	(6,595)
Interest payable and similar charges		(50)	(16)
Net revenue before taxation		106,686	80,866
Taxation	5	–	(44)
Net revenue after taxation		106,686	80,822
Total return/(deficit) before distributions		115,974	(462,677)
Distributions	6	(112,929)	(87,418)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>3,045</b>	<b>(550,095)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		2,213,742	1,902,319
<b>Current assets:</b>			
Debtors	7	60,200	45,418
Cash and bank balances	8	8,769	7,306
<b>Total assets</b>		<b>2,282,711</b>	<b>1,955,043</b>
<b>Liabilities</b>			
Investment liabilities		199	9
<b>Creditors:</b>			
Other creditors	9	28,529	8,472
Distribution payable		24,090	16,873
<b>Total liabilities</b>		<b>52,818</b>	<b>25,354</b>
<b>Net assets attributable to shareholders</b>		<b>2,229,893</b>	<b>1,929,689</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>1,929,689</b>	<b>2,457,835</b>
Amounts receivable on creation of shares	450,711	374,380
Amounts payable on cancellation of shares	(185,595)	(377,815)
	265,116	(3,435)
Dilution adjustment charged	1,379	1,650
Change in net assets attributable to shareholders from investment activities	3,045	(550,095)
Retained distributions on accumulation shares	30,664	23,734
<b>Closing net assets attributable to shareholders</b>	<b>2,229,893</b>	<b>1,929,689</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	7,321	(524,704)
Currency (losses)/gains	(1,052)	1,432
Activity fees	–	34
Forward currency contracts	3,019	(20,261)
<b>Net capital gains/(losses)</b>	<b>9,288</b>	<b>(543,499)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
UK dividends	2,162	1,925
Interest on debt securities	110,246	85,303
Bank interest	403	129
Stock lending income	169	120
<b>Total revenue</b>	<b>112,980</b>	<b>87,477</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	6,244	6,595
<b>Total expenses</b>	<b>6,244</b>	<b>6,595</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Irrecoverable overseas tax	–	44
<b>Total tax charge for the year</b>	<b>–</b>	<b>44</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	106,686	80,866
Corporation tax at 20% (31/10/22: 20%)	21,337	16,173

Effects of:

Revenue not subject to taxation	(432)	(385)
Irrecoverable overseas tax	–	44
Tax deductible interest distributions	(20,905)	(15,788)
<b>Total tax charge for the year</b>	<b>–</b>	<b>44</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	6,930	5,818
Second Interim	7,187	5,627
Third Interim	7,971	5,915
Final	8,576	6,374
	30,664	23,734
<b>Income shares</b>		
First Interim	18,815	15,068
Second Interim	19,315	15,183
Third Interim	21,999	16,681
Final	24,090	16,873
	84,219	63,805
<b>Net distributions for the year</b>	<b>114,883</b>	<b>87,539</b>
Add: Amounts deducted on cancellation of shares	1,212	1,862
Deduct: Amounts received on the creation of shares	(3,166)	(1,983)
<b>Gross interest distributions for the year</b>	<b>112,929</b>	<b>87,418</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	106,686	80,822
Movement of undistributed revenue	(1)	1
Expenses charged to capital	6,244	6,595
<b>Gross interest distributions for the year</b>	<b>112,929</b>	<b>87,418</b>

Details of the distribution per share are set out on pages 31 to 34.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	21,040	14,154
Sales awaiting settlement	71	2,593
Foreign exchange sales awaiting settlement	6	–
Accrued revenue	39,083	28,671
<b>Total debtors</b>	<b>60,200</b>	<b>45,418</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	8,769	7,306
<b>Total cash and bank balances</b>	<b>8,769</b>	<b>7,306</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	1,457	599
Purchases awaiting settlement	26,512	7,400
Accrued expenses	560	473
<b>Total other creditors</b>	<b>28,529</b>	<b>8,472</b>

### 10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 01/11/22	84,339,049	79,470,436
Shares issued	16,347,899	5,706,166
Shares cancelled	(20,070,986)	(25,877,725)
Shares converted	(362,354)	33,464
<b>Closing shares at 31/10/23</b>	<b>80,253,608</b>	<b>59,332,341</b>

	Class R Accumulation
Opening shares at 01/11/22	358,555,897
Shares issued	26,243,829
Shares cancelled	(44,954,497)
Shares converted	–
<b>Closing shares at 31/10/23</b>	<b>339,845,229</b>

	Class S Accumulation	Class S Income
Opening shares at 01/11/22	17,925,246	186,339,716
Shares issued	31,392,136	12,587,899
Shares cancelled	–	(19,903,822)
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>49,317,382</b>	<b>179,023,793</b>

	Class Z Accumulation	Class Z Income
Opening shares at 01/11/22	70,543,184	1,054,031,860
Shares issued	30,434,304	288,528,380
Shares cancelled	(8,204,945)	(55,049,087)
Shares converted	503,397	(9,860)
<b>Closing shares at 31/10/23</b>	<b>93,275,940</b>	<b>1,287,501,293</b>

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £18,931,000 (31/10/22: £13,055,000).

At the year end, 31 October 2023, 12.12% (31/10/22: 13.51%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £42,000 (Gross: £211,000) (31/10/22: £30,000 (Gross: £150,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £88,641,000 (31/10/22: £43,543,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	93,838	48,426

The aggregate value of collateral held at the balance sheet date was £93,838,000 (31/10/22: £48,426,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Barclays Bank, BNP Paribas London, Citigroup Global Markets, Goldman Sachs International, HSBC Bank, JP Morgan Securities, Morgan Stanley & Co International, RBC Europe limited.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 17 to 20, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	457	–
Citigroup Global Markets	(3)	31
Goldman Sachs	45	–
JP Morgan Securities	–	2,119
Royal Bank of Canada	(7)	–

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 22. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	2,230,775	1,929,636
Canadian dollar	8	7
Euro	(266)	99
Norwegian krone	1,685	(691)
US dollar	(2,309)	638
<b>Total</b>	<b>2,229,893</b>	<b>1,929,689</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased/decreased by £88,000 (31/10/22: £5,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased /increased by £88,000 (31/10/22: £5,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £221,354,000 (31/10/22: £190,231,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £221,354,000 (31/10/22: £190,231,000). These calculations assume all other variables remain constant.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures (continued)

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	877,173	1,118,601	75,766	2,071,540
Canadian dollar	8	–	–	8
Euro	54,622	19,140	825	74,587
Norwegian krone	–	–	3,082	3,082
US dollar	102,358	19,307	11,829	133,494
<b>Total</b>	<b>1,034,161</b>	<b>1,157,048</b>	<b>91,502</b>	<b>2,282,711</b>

<b>31 Oct 2022</b>				
Sterling	669,009	1,098,574	71,618	1,839,201
Canadian dollar	7	–	–	7
Euro	29,949	13,246	1,522	44,717
US dollar	58,450	8,562	2,558	69,570
Norwegian krone	–	–	1,548	1,548
<b>Total</b>	<b>757,415</b>	<b>1,120,382</b>	<b>77,246</b>	<b>1,955,043</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	42,090	42,090
Euro	–	199	199
US dollar	–	10,529	10,529
<b>Total</b>	<b>–</b>	<b>52,818</b>	<b>52,818</b>

<b>31 Oct 2022</b>			
Sterling	–	25,345	25,345
Norwegian krone	–	9	9
<b>Total</b>	<b>–</b>	<b>25,354</b>	<b>25,354</b>

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/01/23, would change by £8,437,000 (31/10/22: £6,106,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/01/23, would change by £5,578,000 (31/10/22: £3,258,000).

A change of 3% in the prevailing interest rates would result in a change of 0.17% (31/10/22: 0.18%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.06% (31/10/22: 0.06%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid–Market value £'000	Total net assets %	Bid–Market value £'000	Total net assets %
Investments of investment grade	1,603,713	71.92	1,452,500	75.27
Investments of below investment grade	304,179	13.64	168,320	8.72
Unrated bonds	274,547	12.31	249,672	12.94
<b>Total bonds</b>	<b>2,182,439</b>	<b>97.87</b>	<b>1,870,492</b>	<b>96.93</b>
Forward currency contracts – assets	494	0.02	2,150	0.11
Corporate preference shares	30,809	1.39	29,677	1.54
<b>Investments as shown in the balance sheet</b>	<b>2,213,742</b>	<b>99.28</b>	<b>1,902,319</b>	<b>98.58</b>
Forward currency contracts – liabilities	(199)	(0.01)	(9)	–
<b>Total value of investments</b>	<b>2,213,543</b>	<b>99.27</b>	<b>1,902,310</b>	<b>98.58</b>

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Portfolio transaction costs

For the year ended 31 October 2023

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	952,225	–	–	–	–	–	–	952,225
Corporate actions	505	–	–	–	–	–	–	505
<b>Total</b>	<b>952,730</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>952,730</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	507,728	–	–	–	–	–	–	507,728
Corporate actions	125,534	–	–	–	–	–	–	125,534
<b>Total</b>	<b>633,262</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>633,262</b>

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/10/23.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 October 2022

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	473,336	–	–	14	–	–	–	473,350
Corporate actions	3,251	–	–	–	–	–	–	3,251
<b>Total</b>	<b>476,587</b>	<b>–</b>		<b>14</b>		<b>–</b>		<b>476,601</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	463,510	–	–	–	–	–	–	463,510
Corporate actions	16,861	–	–	–	–	–	–	16,861
<b>Total</b>	<b>480,371</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>480,371</b>

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/10/22.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 1.05% (31/10/22: 1.22%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Equities	28,289	–	2,520	30,809
Bonds	–	2,137,381	45,058	2,182,439
Derivatives	–	494	–	494
<b>Total</b>	<b>28,289</b>	<b>2,137,875</b>	<b>47,578</b>	<b>2,213,742</b>
<b>Investment liabilities</b>				
Derivatives	–	(199)	–	(199)
<b>Total</b>	<b>–</b>	<b>(199)</b>	<b>–</b>	<b>(199)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Equities*	27,128	–	–	27,128
Bonds	–	1,825,846	47,195	1,873,041
Derivatives	–	2,150	–	2,150
<b>Total</b>	<b>27,128</b>	<b>1,827,996</b>	<b>47,195</b>	<b>1,902,319</b>
<b>Investment liabilities</b>				
Derivatives	–	(9)	–	(9)
<b>Total</b>	<b>–</b>	<b>(9)</b>	<b>–</b>	<b>(9)</b>

\* Preference shares

At the current year end, the level 3 assets held were the following debt securities: Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Eskmuir Group Finance 4.255% 12/12/2047, Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Haleon FRN preference perpetual, Credit Suisse Group 7.5% variable perpetual, Hemingway Properties 10.375% 31/7/2024, Law Debenture 6.125% 12/10/2034, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023, MIELI London 4.82% 12/8/2027, Road Management Services 3.642% IL 31/3/2028, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX and Haleon Preference Bond.

At the prior year end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, MIELI London 4.82% 12/8/2027, Law Debenture 6.125% 12/10/2034, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023, Road Management Services 3.642% IL 31/3/2028, Eskmuir Group Finance 4.255% 12/12/2047, TXU Eastern Funding 7.25% 8/3/2030, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX and Haleon Preference Bond.

The fair value of Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Road Management Services 3.642% IL 31/3/2028, Law Debenture 6.125% 12/10/2034, Haleon Preference Bond and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX at both current year end and prior year end were based on a single broker quote.

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

Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023 and MIELI London 4.82% 12/8/2027 are priced by the Investment Adviser using an internal pricing model.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £2,398,756,335. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 5.99%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class M Accumulation</b>				
Group 1	1.6329	–	1.6329	1.3830
Group 2	0.8610	0.7719	1.6329	1.3830
<b>Class M Income</b>				
Group 1	1.2222	–	1.2222	1.0781
Group 2	0.7161	0.5061	1.2222	1.0781
<b>Class R Accumulation</b>				
Group 1	1.2492	–	1.2492	1.0530
Group 2	0.6488	0.6004	1.2492	1.0530
<b>Class S Accumulation</b>				
Group 1	1.1311	–	1.1311	0.9533
Group 2	1.1311	0.0000	1.1311	0.9533
<b>Class S Income</b>				
Group 1	1.0524	–	1.0524	0.9237
Group 2	0.4559	0.5965	1.0524	0.9237
<b>Class Z Accumulation</b>				
Group 1	1.1202	–	1.1202	0.9471
Group 2	0.5720	0.5482	1.1202	0.9471
<b>Class Z Income</b>				
Group 1	1.4212	–	1.4212	1.2514
Group 2	0.8244	0.5968	1.4212	1.2514

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Second Interim**

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Accumulation</b>				
Group 1	1.6691	–	1.6691	1.3804
Group 2	0.7568	0.9123	1.6691	1.3804
<b>Class M Income</b>				
Group 1	1.2343	–	1.2343	1.0665
Group 2	0.6485	0.5858	1.2343	1.0665
<b>Class R Accumulation</b>				
Group 1	1.2784	–	1.2784	1.0524
Group 2	0.4543	0.8241	1.2784	1.0524
<b>Class S Accumulation</b>				
Group 1	1.1574	–	1.1574	0.9527
Group 2	0.0291	1.1283	1.1574	0.9527
<b>Class S Income</b>				
Group 1	1.0642	–	1.0642	0.9151
Group 2	1.0642	0.0000	1.0642	0.9151
<b>Class Z Accumulation</b>				
Group 1	1.1455	–	1.1455	0.9457
Group 2	0.4169	0.7286	1.1455	0.9457
<b>Class Z Income</b>				
Group 1	1.4361	–	1.4361	1.2387
Group 2	0.7419	0.6942	1.4361	1.2387

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 30/09/23	Distribution paid 30/09/22
<b>Class M Accumulation</b>				
Group 1	1.8277	–	1.8277	1.4561
Group 2	1.0032	0.8245	1.8277	1.4561
<b>Class M Income</b>				
Group 1	1.3345	–	1.3345	1.1143
Group 2	0.6974	0.6371	1.3345	1.1143
<b>Class R Accumulation</b>				
Group 1	1.4014	–	1.4014	1.1113
Group 2	0.7544	0.6470	1.4014	1.1113
<b>Class S Accumulation</b>				
Group 1	1.2689	–	1.2689	1.0061
Group 2	1.2689	0.0000	1.2689	1.0061
<b>Class S Income</b>				
Group 1	1.1519	–	1.1519	0.9571
Group 2	1.1519	0.0000	1.1519	0.9571
<b>Class Z Accumulation</b>				
Group 1	1.2548	–	1.2548	0.9980
Group 2	0.7741	0.4807	1.2548	0.9980
<b>Class Z Income</b>				
Group 1	1.5535	–	1.5535	1.2945
Group 2	0.7232	0.8303	1.5535	1.2945

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 August 2023

Group 2: Shares purchased between 1 August 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 31/12/22
<b>Class M Accumulation</b>				
Group 1	1.9513	–	1.9513	1.5210
Group 2	0.9072	1.0441	1.9513	1.5210
<b>Class M Income</b>				
Group 1	1.4060	–	1.4060	1.1518
Group 2	0.5689	0.8371	1.4060	1.1518
<b>Class R Accumulation</b>				
Group 1	1.4980	–	1.4980	1.1621
Group 2	1.1060	0.3920	1.4980	1.1621
<b>Class S Accumulation</b>				
Group 1	1.3564	–	1.3564	1.0522
Group 2	0.0079	1.3485	1.3564	1.0522
<b>Class S Income</b>				
Group 1	1.2152	–	1.2152	0.9905
Group 2	0.6683	0.5469	1.2152	0.9905
<b>Class Z Accumulation</b>				
Group 1	1.3404	–	1.3404	1.0428
Group 2	0.5694	0.7710	1.3404	1.0428
<b>Class Z Income</b>				
Group 1	1.6373	–	1.6373	1.3389
Group 2	0.7753	0.8620	1.6373	1.3389

# Royal London Global Index Linked Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Global Index Linked Fund, Class M Income	-2.89	-14.00	-1.10
Royal London Global Index Linked Fund, Class R Accumulation	-2.61	-13.33	0.50
Royal London Global Index Linked Fund, Class Z Income	-2.93	-14.02	-0.88
Bloomberg World Government Inflation- linked Bond Index TR	-3.14	-14.86	-2.24
IA Global Inflation Linked Bond TR	-2.01	-8.22	2.39

**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 October 2023. Returns are net of management fees. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Closing Net Asset Value quoted within the Comparative Table. For further information, including ongoing performance and Fund breakdown information, please refer to the latest factsheet at [www.rlam.com](http://www.rlam.com).

### Performance overview

The Fund outperformed its benchmark over the last twelve months, slightly lagging the average fund in the Investment Association Global Inflation Linked Bond sector.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

The Fund aims to outperform by taking positions in a number of areas, principally the overall levels of yields, changes in inflation expectations, relative performance of long and short dated bonds, and looking for value in other markets relative to the UK. Volatility in government bond markets has been high over the past twelve months, and reflecting this volatility, the positions we have tended to take this year have been somewhat smaller to control overall Fund risk.

For the first half of the period, we were generally positioned for yields to rise, and this helped performance. This was a long-held stance for the Fund, as we had felt that bonds were vulnerable with yields at or near record lows. After around eighteen months of central bank interest rate rises and bond yields increasing alongside this, we felt these were attractive and reversed our stance. This was generally negative in the final months of the period but we feel will be beneficial beyond that. We also had a bias towards longer dated bonds over short-dated equivalents, but this hurt performance as short-dated bonds outperformed.

Cross market exposure, where we will sell UK bonds in favour of overseas equivalents was generally helpful. Since the Brexit vote of 2016, we have generally felt that UK bonds looked poor value compared to other markets, and therefore often held positions in overseas markets. However, the crisis in government bonds markets following the short-lived Kwarteng mini-budget meant that the UK performed much worse than other markets. This meant that we were generally neutrally positioned over the period, occasionally taking advantage of excessive market moves to add to favoured markets such as the US, Australia and France.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

For UK gilt markets, supply will be an issue for the market over the next few years, with current forecasts showing the government will need to issue around £200bn per annum for each of the next five years. Alongside quantitative tightening (where the Bank of England is selling its gilt holdings back into the market), this will represent a headwind for gilts and we see similar impacts affecting other government bond markets. Against this, yields have risen materially over the past few years, and we believe that these are now beginning to offer long-term value.

**Paul Rayner**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	104.97	131.22	126.07
Return before operating charges*	(2.50)	(20.44)	7.49
Operating charges	(0.53)	(0.62)	(0.64)
Return after operating charges*	(3.03)	(21.06)	6.85
Distributions on income shares	(4.12)	(5.19)	(1.70)
<b>Closing net asset value per share</b>	<b>97.82</b>	<b>104.97</b>	<b>131.22</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(2.89)%	(16.05)%	5.43%
<b>Other information</b>			
Closing net asset value (£'000)	78,390	121,547	168,794
Closing number of shares	80,133,751	115,788,323	128,630,958
Operating charges	0.50%	0.50%	0.50%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	109.60	135.10	135.50
Lowest share price	99.30	103.60	122.50

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.86	122.43	115.66
Return before operating charges*	(2.63)	(19.44)	6.90
Operating charges	(0.11)	(0.13)	(0.13)
Return after operating charges*	(2.74)	(19.57)	6.77
Distributions on accumulation shares	(4.00)	(4.74)	(1.54)
Retained distributions on accumulation shares	4.00	4.74	1.54
<b>Closing net asset value per share</b>	<b>100.12</b>	<b>102.86</b>	<b>122.43</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(2.66)%	(15.98)%	5.85%
<b>Other information</b>			
Closing net asset value (£'000)	60,466	68,155	79,889
Closing number of shares	60,390,859	66,258,463	65,255,409
Operating charges	0.11%	0.11%	0.11%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.60	126.20	124.80
Lowest share price	99.12	97.61	112.50

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	121.10	151.18	144.95
Return before operating charges*	(3.02)	(23.69)	8.61
Operating charges	(0.43)	(0.51)	(0.53)
Return after operating charges*	(3.45)	(24.20)	8.08
Distributions on income shares	(4.63)	(5.88)	(1.85)
<b>Closing net asset value per share</b>	<b>113.02</b>	<b>121.10</b>	<b>151.18</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(2.85)%	(16.01)%	5.57%
<b>Other information</b>			
Closing net asset value (£'000)	158,238	97,460	80,324
Closing number of shares	140,012,873	80,477,643	53,130,035
Operating charges	0.36%	0.36%	0.36%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	126.60	155.70	156.00
Lowest share price	114.60	119.40	140.90

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Government Bonds – 0.19% (31/10/22 – 0.35%)</b>			
CAD580,000	Government of Canada 3% 1/12/2036	568	0.19
<b>Total Government Bonds</b>		<b>568</b>	<b>0.19</b>
<b>Government Index-Linked Bonds – 101.08% (31/10/22 – 99.04%)</b>			
€2,218,081	Federal Republic of Germany 0.1% IL 15/4/2046	2,141	0.72
€3,343,425	Federal Republic of Germany 0.5% IL 15/4/2030	3,643	1.23
AUD16,525,000	Government of Australia 0.25% IL 21/11/2032	8,192	2.76
AUD1,763,000	Government of Australia 1.25% IL 21/8/2040	963	0.32
AUD519,000	Government of Australia 2% IL 21/8/2035	342	0.12
CAD2,271,000	Government of Canada 0.5% IL 1/12/2050	1,098	0.37
CAD1,249,000	Government of Canada 1.5% IL 1/12/2044	887	0.30
CAD503,000	Government of Canada 2% IL 1/12/2041	405	0.14
CAD903,000	Government of Canada 4.25% IL 1/12/2026	1,025	0.34
€8,906,000	Government of France 0.1% IL 1/3/2028	8,860	2.98
€618,461	Government of France 0.1% IL 1/3/2029	619	0.21
€4,249,000	Government of France 0.1% IL 25/7/2031	4,141	1.39
€3,093,000	Government of France 0.1% IL 1/3/2032	2,864	0.96
€4,456,000	Government of France 0.1% IL 25/7/2036	4,124	1.39
€2,706,483	Government of France 0.1% IL 25/7/2047	2,197	0.74
€291	Government of France 0.7% IL 25/7/2030*	–	–
€1,629,629	Government of France 1.8% IL 25/7/2040	2,170	0.73
€4,320,087	Government of France 1.85% IL 25/7/2027	5,191	1.75
€1,166,000	Government of France 3.15% IL 25/7/2032	1,841	0.62
¥158,800,000	Government of Japan 0.1% IL 10/3/2024	971	0.33
¥808,500,000	Government of Japan 0.1% IL 10/9/2024	4,835	1.63
¥314,500,000	Government of Japan 0.1% IL 10/3/2025	1,896	0.64
¥183,900,000	Government of Japan 0.1% IL 10/3/2026	1,122	0.38
¥316,100,000	Government of Japan 0.1% IL 10/3/2027	1,980	0.67
¥352,800,000	Government of Japan 0.1% IL 10/3/2029	2,147	0.72
¥168,500,000	Government of Japan 0.2% IL 10/3/2030	1,053	0.35
NZ\$720,000	Government of New Zealand 3% IL 20/9/2030	439	0.15
€2,972,000	Government of Spain 0.65% IL 30/11/2027	3,123	1.05
€3,899,000	Government of Spain 0.7% IL 30/11/2033	3,769	1.27
SEK8,090,000	Government of Sweden 0.125% IL 1/6/2032	707	0.24
SEK18,230,000	Government of Sweden 1% IL 1/6/2025	1,724	0.58
€2,566,000	Republic of Italy 0.10% IL 15/5/2033	2,039	0.69
€890,000	Republic of Italy 0.15% IL 15/5/2051	488	0.16
€2,090,000	Republic of Italy 0.4% IL 15/5/2030	1,936	0.65
€1,479,000	Republic of Italy 1.25% IL 15/9/2032	1,452	0.49
€1,538,000	Republic of Italy 2.35% IL 15/9/2035	1,925	0.65
€3,034,000	Republic of Italy 2.4% IL 15/5/2039	2,532	0.85
€662,000	Republic of Italy 2.55% IL 15/9/2041	749	0.25
€3,091,000	Republic of Italy 3.1% IL 15/9/2026	3,676	1.24
£363,000	UK Treasury 0.125% IL 22/3/2029	559	0.19
£2,343,363	UK Treasury 0.125% IL 22/3/2039*	2,489	0.84
£4,305,066	UK Treasury 0.125% IL 10/8/2041*	4,657	1.57
£6,138,460	UK Treasury 0.125% IL 22/3/2044	7,236	2.44
£2,894,000	UK Treasury 0.125% IL 22/3/2046	3,098	1.04
£415,000	UK Treasury 0.125% IL 10/8/2048	401	0.13
£5,262,053	UK Treasury 0.125% IL 22/3/2051	4,574	1.54
£600	UK Treasury 0.125% IL 22/11/2056	1	–
£2,619,200	UK Treasury 0.125% IL 22/3/2058	2,425	0.82
£1,490,000	UK Treasury 0.125% IL 22/11/2065	1,286	0.43
£1,847,339	UK Treasury 0.125% IL 22/3/2068	1,642	0.55
£59,000	UK Treasury 0.25% IL 22/3/2052	64	0.02
£1,423,123	UK Treasury 0.375% IL 22/3/2062	1,545	0.52
£111,000	UK Treasury 0.5% IL 22/3/2050	151	0.05
£422	UK Treasury 0.625% IL 22/3/2040	1	–
£1,033,000	UK Treasury 0.625% IL 22/3/2045	894	0.30
£11,209,000	UK Treasury 0.75% IL 22/11/2033	11,242	3.78
£987	UK Treasury 0.75% IL 22/3/2034	2	–
£775	UK Treasury 0.75% IL 22/11/2047	1	–
£1,726,164	UK Treasury 1.125% IL 22/11/2037	3,200	1.08
£682	UK Treasury 1.25% IL 22/11/2027	1	–

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£793	UK Treasury 1.25% IL 22/11/2032	1	–
£701,191	UK Treasury 1.25% IL 22/11/2055	1,278	0.43
£1,598,000	UK Treasury 2% IL 26/1/2035	3,762	1.27
£621,135	UK Treasury 4.125% IL 22/7/2030	2,082	0.70
\$2,255,800	US Treasury 0.125% IL 15/10/2025	2,087	0.70
\$2,501,000	US Treasury 0.125% IL 15/4/2026	2,256	0.76
\$25,411,100	US Treasury 0.125% IL 15/7/2026	25,079	8.44
\$10,207,000	US Treasury 0.125% IL 15/1/2030	8,665	2.92
\$7,496,400	US Treasury 0.125% IL 15/7/2030	6,336	2.13
\$13,490,600	US Treasury 0.125% IL 15/1/2031	11,059	3.72
\$8,894,900	US Treasury 0.125% IL 15/7/2031	7,027	2.37
\$5,190,700	US Treasury 0.125% IL 15/2/2051	2,639	0.89
\$12,908,200	US Treasury 0.125% IL 15/2/2052	6,064	2.04
\$7,381,700	US Treasury 0.25% IL 15/7/2029	6,461	2.17
\$685,800	US Treasury 0.25% IL 15/2/2050	374	0.13
\$11,637,100	US Treasury 0.375% IL 15/1/2027	11,324	3.81
\$26,930,400	US Treasury 0.5% IL 15/1/2028	25,346	8.53
\$4,226,000	US Treasury 0.625% IL 15/2/2043	3,215	1.08
\$359,000	US Treasury 0.75% IL 15/2/2042	290	0.10
\$7,539,400	US Treasury 0.875% IL 15/1/2029	6,955	2.34
\$2,203,000	US Treasury 0.875% IL 15/2/2047	1,596	0.54
\$1,374,300	US Treasury 1% IL 15/2/2046	1,058	0.36
\$2,493,000	US Treasury 1% IL 15/2/2048	1,802	0.61
\$13,832,100	US Treasury 1.125% IL 15/1/2033	10,407	3.50
\$3,413,000	US Treasury 1.375% IL 15/2/2044	2,952	0.99
\$2,097,000	US Treasury 2% IL 15/1/2026	2,619	0.88
\$1,239,700	US Treasury 2.125% IL 15/2/2040	1,356	0.46
\$3,214,000	US Treasury 2.125% IL 15/2/2041	3,460	1.16
\$1,585,000	US Treasury 2.375% IL 15/1/2027	1,968	0.66
\$2,780,500	US Treasury 2.5% IL 15/1/2029	3,272	1.10
\$1,700,000	US Treasury 3.625% IL 15/4/2028	2,775	0.93
<b>Total Government Index-Linked Bonds</b>		<b>300,300</b>	<b>101.08</b>
<b>Forward Currency Contracts – (0.74%) (31/10/22 – 1.25%)</b>			
	Buy €1,576,000 & Sell £1,381,331 <sup>†</sup>	(4)	–
	Buy £9,555,727 & Sell AUD18,225,000 <sup>†</sup>	29	0.01
	Buy £4,288,047 & Sell CAD7,142,000 <sup>†</sup>	45	0.02
	Buy £64,101,302 & Sell €73,918,000 <sup>†</sup>	(471)	(0.16)
	Buy £14,068,854 & Sell JPY2,532,042,000 <sup>†</sup>	131	0.05
	Buy £464,013 & Sell NZD946,000 <sup>†</sup>	11	–
	Buy £2,469,174 & Sell SEK32,881,000 <sup>†</sup>	37	0.01
	Buy £172,305,040 & Sell \$211,649,000 <sup>†</sup>	(2,011)	(0.68)
	Buy \$19,297,000 & Sell £15,861,934 <sup>†</sup>	31	0.01
<b>Total Forward Currency Contracts</b>		<b>(2,202)</b>	<b>(0.74)</b>

<b>Total value of investments*</b>	<b>298,666</b>	<b>100.53</b>
<b>Net other liabilities</b>	<b>(1,572)</b>	<b>(0.53)</b>
<b>Total net assets</b>	<b>297,094</b>	<b>100.00</b>

\* Value less than £1,000

<sup>†</sup> Unlisted

<sup>^</sup> Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.125% IL 22/3/2024	85,603
UK Treasury 0.125% IL 22/3/2029	55,334
UK Treasury 1.25% IL 22/11/2027	42,857
UK Treasury 1.25% IL 22/11/2032	36,919
US Treasury 0.5% IL 15/1/2028	32,950
UK Treasury 0.75% IL 22/3/2034	32,766
UK Treasury 0.125% IL 22/3/2044	32,757
UK Treasury 0.125% IL 10/8/2031	32,268
UK Treasury 0.125% IL 22/3/2051	30,265
Government of Australia 0.25% IL 21/11/2032	23,267
<b>Subtotal</b>	<b>404,986</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>882,621</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.125% IL 22/3/2024	85,669
UK Treasury 0.125% IL 22/3/2029	57,838
UK Treasury 1.25% IL 22/11/2027	45,701
UK Treasury 0.75% IL 22/3/2034	41,507
UK Treasury 1.25% IL 22/11/2032	41,106
UK Treasury 0.125% IL 10/8/2031	34,920
UK Treasury 0.125% IL 22/3/2044	28,016
UK Treasury 0.125% IL 22/3/2051	24,650
UK Treasury 0.125% IL 22/3/2026	22,447
UK Treasury 0.125% IL 22/11/2036	22,004
<b>Subtotal</b>	<b>403,858</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>847,355</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(25,664)	(74,639)
Revenue	3	16,676	23,044
Expenses	4	(1,123)	(1,154)
Interest payable and similar charges		(13)	(3)
Net revenue before taxation		15,540	21,887
Taxation	5	–	–
Net revenue after taxation		15,540	21,887
Total deficit before distributions		(10,124)	(52,752)
Distributions	6	(12,182)	(12,554)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(22,306)</b>	<b>(65,306)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		301,152	288,999
<b>Current assets:</b>			
Debtors	7	7,743	7,572
Cash and bank balances	8	152	662
<b>Total assets</b>		<b>309,047</b>	<b>297,233</b>
<b>Liabilities</b>			
Investment liabilities		2,486	1
<b>Creditors:</b>			
Bank overdraft		4	–
Other creditors	9	3,655	1,454
Distribution payable		5,808	8,616
<b>Total liabilities</b>		<b>11,953</b>	<b>10,071</b>
<b>Net assets attributable to shareholders</b>		<b>297,094</b>	<b>287,162</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>287,162</b>	<b>329,007</b>
Amounts receivable on creation of shares	112,069	106,195
Amounts payable on cancellation of shares	(82,290)	(85,959)
	29,779	20,236
Dilution adjustment charged	92	106
Change in net assets attributable to shareholders from investment activities	(22,306)	(65,306)
Retained distributions on accumulation shares	2,367	3,119
<b>Closing net assets attributable to shareholders</b>	<b>297,094</b>	<b>287,162</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(34,349)	(48,497)
Currency (losses)/gains	(3,545)	5,383
Forward currency contracts	12,230	(31,525)
<b>Net capital losses</b>	<b>(25,664)</b>	<b>(74,639)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities*	16,574	23,001
Bank interest	92	18
Stock lending income	10	25
<b>Total revenue</b>	<b>16,676</b>	<b>23,044</b>

\* This includes a cash flow adjustment for inflation assumptions which is excluded from the distribution.

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,123	1,154
<b>Total expenses</b>	<b>1,123</b>	<b>1,154</b>

\* Audit fee £22,650 (31/10/22: £21,571) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	15,540	21,887
Corporation tax at 20% (31/10/22: 20%)	3,108	4,377
Effects of:		
Tax deductible interest distributions	(2,212)	(2,280)
Tax relief on UK index-linked gilts	(896)	(2,097)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £79,000 (31/10/22: £79,000) in relation to non-trading deficits £79,000 (31/10/22: £79,000). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	928	609
Final	1,438	2,510
	2,366	3,119
<b>Income shares</b>		
Interim	4,126	1,999
Final	5,809	8,616
	9,935	10,615
<b>Net distributions for the year</b>	<b>12,301</b>	<b>13,734</b>
Add: Amounts deducted on cancellation of shares	813	909
Deduct: Amounts received on the creation of shares	(932)	(2,089)
<b>Gross interest distributions for the year</b>	<b>12,182</b>	<b>12,554</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	15,540	21,887
Expenses charged to capital	1,123	1,154
Indexation not distributed	(4,481)	(10,487)
<b>Gross interest distributions for the year</b>	<b>12,182</b>	<b>12,554</b>

Details of the distribution per share are set out on page 47.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	168	6,983
Sales awaiting settlement	6,978	–
Foreign exchange sales awaiting settlement	–	6
Accrued revenue	597	583
<b>Total debtors</b>	<b>7,743</b>	<b>7,572</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	152	662
<b>Total cash and bank balances</b>	<b>152</b>	<b>662</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	2,257	41
Purchases awaiting settlement	1,289	1,329
Foreign exchange purchases awaiting settlement	14	–
Accrued expenses	95	84
<b>Total other creditors</b>	<b>3,655</b>	<b>1,454</b>

### 10. Reconciliation of number of shares

	Class M Income	Class R Accumulation
Opening shares at 01/11/22	115,788,323	66,258,463
Shares issued	13,155,044	6,688,721
Shares cancelled	(48,917,809)	(12,556,325)
Shares converted	108,193	–
<b>Closing shares at 31/10/23</b>	<b>80,133,751</b>	<b>60,390,859</b>

	Class Z Income
Opening shares at 01/11/22	80,477,643
Shares issued	75,421,445
Shares cancelled	(15,792,499)
Shares converted	(93,716)
<b>Closing shares at 31/10/23</b>	<b>140,012,873</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £2,180,000 (due from 31/10/22: £6,859,000).

At the year end, 31 October 2023, 21.53% (31/10/22: 25.24%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £3,000 (Gross: £13,000) (31/10/22: £6,000 (Gross: £31,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £46,653,000 (31/10/22: £nil).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	48,515	–

The aggregate value of collateral held at the balance sheet date was £48,515,000 (31/10/22: £nil).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Goldman Sachs International and HSBC Bank.

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on page 38, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	132	15
Citigroup Global Markets Limited	5	–
Goldman Sachs International	–	182
JP Morgan	37	107
Royal Bank of Canada	(2,371)	3,288

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 40. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	297,215	285,869
Australian dollar	(22)	77
Canadian dollar	(221)	2
Euro	(219)	1,475
Japanese yen	70	97
New Zealand dollar	(13)	10
Swedish krona	5	(22)
US dollar	279	(346)
<b>Total</b>	<b>297,094</b>	<b>287,162</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by (£12,000) (31/10/22: £129,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by (£12,000) (31/10/22: £129,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £29,867,000 (31/10/22: £28,900,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £29,867,000 (31/10/22: £28,900,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	52,741	–	1,102	53,843
Australian dollar	9,499	–	37	9,536
Canadian dollar	3,416	568	82	4,066
Euro	59,480	–	3,498	62,978
Japanese yen	14,005	–	133	14,138
New Zealand dollar	439	–	12	451
Swedish krona	2,431	–	43	2,474
US dollar	158,440	–	3,121	161,561
<b>Total</b>	<b>300,451</b>	<b>568</b>	<b>8,028</b>	<b>309,047</b>
<b>31 Oct 2022</b>				
Sterling	60,370	356	5,787	66,513
Australian dollar	3,245	–	41	3,286
Canadian dollar	6,956	646	179	7,781
Euro	53,917	–	864	54,781
Japanese yen	12,274	–	185	12,459
New Zealand dollar	463	–	2	465
Swedish krona	1,767	–	33	1,800
US dollar	146,074	–	4,074	150,148
<b>Total</b>	<b>285,066</b>	<b>1,002</b>	<b>11,165</b>	<b>297,233</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

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

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	6,609	6,609
Australian dollar	–	1	1
Euro	4	469	473
US dollar	–	4,870	4,870
<b>Total</b>	<b>4</b>	<b>11,949</b>	<b>11,953</b>
<b>31 Oct 2022</b>			
Sterling	–	8,741	8,741
New Zealand dollar	–	1	1
US dollar	–	1,329	1,329
<b>Total</b>	<b>–</b>	<b>10,071</b>	<b>10,071</b>

Due to no Floating Rate Note stocks being held, there is no requirement to calculate interest sensitivity (31/10/22: same). A change of 3% in the prevailing interest rates would result in a change of 0.28% (31/10/22: 0.29%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.09% (31/10/22: 0.10%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	300,868	101.27	285,406	99.39
<b>Total bonds</b>	<b>300,868</b>	<b>101.27</b>	<b>285,406</b>	<b>99.39</b>
Forward currency contracts – assets	284	0.10	3,593	1.25
<b>Investments as shown in the balance sheet</b>	<b>301,152</b>	<b>101.37</b>	<b>288,999</b>	<b>100.64</b>
Forward currency contracts – liabilities	(2,486)	(0.84)	(1)	–
<b>Total value of investments</b>	<b>298,666</b>	<b>100.53</b>	<b>288,998</b>	<b>100.64</b>

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

### 16. Portfolio transaction costs

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	882,621	941,002
Total sales	847,355	959,382

At the balance sheet date the portfolio dealing spread was 0.21% (31/10/22: 0.21%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	300,868	–	300,868
Derivatives	–	284	–	284
<b>Total</b>	<b>–</b>	<b>301,152</b>	<b>–</b>	<b>301,152</b>
<b>Investment liabilities</b>				
Derivatives	–	(2,486)	–	(2,486)
<b>Total</b>	<b>–</b>	<b>(2,486)</b>	<b>–</b>	<b>(2,486)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	285,406	–	285,406
Derivatives	–	3,593	–	3,593
<b>Total</b>	<b>–</b>	<b>288,999</b>	<b>–</b>	<b>288,999</b>
<b>Investment liabilities</b>				
Derivatives	–	(1)	–	(1)
<b>Total</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>(1)</b>

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £315,193,842. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 2.81%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Income</b>				
Group 1	1.6455	–	1.6455	1.0195
Group 2	0.5905	1.0550	1.6455	1.0195
<b>Class R Accumulation</b>				
Group 1	1.6162	–	1.6162	0.9514
Group 2	1.0678	0.5484	1.6162	0.9514
<b>Class Z Income</b>				
Group 1	1.8987	–	1.8987	1.1748
Group 2	0.4035	1.4952	1.8987	1.1748

#### Final

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Income</b>				
Group 1	2.4715	–	2.4715	4.1698
Group 2	1.4636	1.0079	2.4715	4.1698
<b>Class R Accumulation</b>				
Group 1	2.3814	–	2.3814	3.7890
Group 2	1.8381	0.5433	2.3814	3.7890
<b>Class Z Income</b>				
Group 1	2.7340	–	2.7340	4.7069
Group 2	2.1485	0.5855	2.7340	4.7069

# Royal London Short Term Money Market Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Short Term Money Market Fund, Class R Accumulation	4.51	5.51	6.84
Royal London Short Term Money Market Fund, Class S Accumulation	4.43	5.29	6.47
Royal London Short Term Money Market Fund, Class S Income	4.43	5.29	6.46
Royal London Short Term Money Market Fund, Class Y Accumulation	4.51	5.51	–
Royal London Short Term Money Market Fund, Class Y Income	4.51	5.51	–
Sterling Overnight Index Average Rate (SONIA)	4.25	5.24	6.25
IA Short Term Money Market TR	4.01	4.53	5.25

Class R Accumulation launched on 4 October 2018 and Class S Accumulation and Class S Income launched on 16 April 2019.

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

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

### Performance overview

The Fund performed well over the period, beating its benchmark index and outperforming the average fund in its Investment Association peer group.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve (Fed), European Central Bank and Bank of England (BoE) to raise rates numerous times.

The backdrop of rising interest rates and inflation meant that money market rates have also increased, with the sterling overnight index average or SONIA (which reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions) rose from 2.18% at the end of October 2022 to 5.18% by August 2023 and then remained at this level until the end of October 2023. Over the same period, two-year gilt yields, which are often seen as a proxy for future interest rate expectations, rose from 3.02% to a high of 5.38%, before settling back to end the period at 4.79% as the market started to price in rate cuts by the Bank and Bank of England.

### Portfolio commentary

The period was dominated by interest rates rises and then speculation around when these might start to fall. However, there was also uncertainty about the strength of the financial system early in 2023 with the collapse of Silicon Valley Bank (SVB) and Credit Suisse. Although this was relatively short-lived, it did cause market volatility. We have an established, proven process for assessing the strength of the banks we invest in, and this again proved successful – we had no exposure to either bank.

Although interest rates have moved significantly, we made no major change to our process or positioning. The gradual increase in rates was in line with our expectations, and we were cautiously positioned to benefit from this, primarily by focusing on short-dated, high quality certificates of deposit, UK government treasury bills and overnight deposits. We also added selectively to floating rate certificates of deposit – the rate these pay goes up as wider interest rates increase and this provides some protection against further increases.

We also added selectively to covered bonds. These are floating rate bonds with the bond payments secured on high quality mortgages. Covered bonds are regulated by the Bank of England. During the year, we have tended to add small amounts of these bonds, issued by the likes of Nationwide and Santander, with these paying an attractive premium to SONIA. These also added to performance over the year.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

Market attention has turned from predicting where the peak of UK interest rates would be, to when the Bank of England will start to cut these once more. At the time of writing, most market forecasts through the UK rates were either at the peak for now, or that one more rate increase may be needed. The path and timing of rate cuts will depend on how fast inflation comes down and whether the economy starts to show signs of slowing.

**Tony Cole & Craig Inches**  
**Fund Managers**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.29	101.34	101.30
Return before operating charges*	4.63	0.98	0.07
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	4.60	0.95	0.04
Distributions on accumulation shares	(4.59)	(1.00)	(0.04)
Retained distributions on accumulation shares	4.59	1.00	0.04
<b>Closing net asset value per share</b>	<b>106.89</b>	<b>102.29</b>	<b>101.34</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.50%	0.94%	0.04%
<b>Other information</b>			
Closing net asset value (£'000)	2,861,049	2,735,021	1,736,960
Closing number of shares	2,676,593,615	2,673,881,664	1,714,072,595
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	106.90	102.29	101.35
Lowest share price	102.30	101.35	101.32

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	101.85	100.90	100.87
Return before operating charges*	4.61	0.98	0.06
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	4.58	0.95	0.03
Distributions on accumulation shares	(4.57)	(1.00)	(0.04)
Retained distributions on accumulation shares	4.57	1.00	0.04
<b>Closing net asset value per share</b>	<b>106.43</b>	<b>101.85</b>	<b>100.90</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.50%	0.94%	0.03%
<b>Other information</b>			
Closing net asset value (£'000)	209,495	336,753	303,713
Closing number of shares	196,830,357	330,638,479	300,998,614
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	106.44	101.85	100.92
Lowest share price	101.86	100.91	100.88

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	99.91	99.96	99.97
Return before operating charges*	4.48	0.96	0.06
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	4.45	0.93	0.03
Distributions on income shares	(4.43)	(0.98)	(0.04)
<b>Closing net asset value per share</b>	<b>99.93</b>	<b>99.91</b>	<b>99.96</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.45%	0.93%	0.03%
<b>Other information</b>			
Closing net asset value (£'000)	49,892	49,883	49,907
Closing number of shares	49,926,133	49,926,133	49,926,133
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	102.56	100.73	100.00
Lowest share price	99.93	99.96	99.98

### Class Y Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.95	102.06	102.10
Return before operating charges*	4.66	0.99	0.06
Operating charges	(0.10)	(0.10)	(0.10)
Return after operating charges*	4.56	0.89	(0.04)
Distributions on accumulation shares	(4.54)	(0.93)	–
Retained distributions on accumulation shares	4.54	0.93	–
<b>Closing net asset value per share</b>	<b>107.51</b>	<b>102.95</b>	<b>102.06</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.43%	0.87%	(0.04)%
<b>Other information</b>			
Closing net asset value (£'000)	2,642,959	1,458,144	846,869
Closing number of shares	2,458,378,422	1,416,381,990	829,756,227
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.51	102.95	102.12
Lowest share price	102.96	102.07	102.06

## Comparative Tables (continued)

### Class Y Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	97.07	97.12	97.15
Return before operating charges*	4.36	0.94	0.07
Operating charges	(0.10)	(0.10)	(0.10)
Return after operating charges*	4.26	0.84	(0.03)
Distributions on income shares	(4.24)	(0.89)	–
<b>Closing net asset value per share</b>	<b>97.09</b>	<b>97.07</b>	<b>97.12</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.39%	0.86%	(0.03)%
<b>Other information</b>			
Closing net asset value (£'000)	695,997	529,278	269,385
Closing number of shares	716,859,568	545,237,264	277,376,106
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	99.61	97.83	97.17
Lowest share price	97.09	97.11	97.12

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Certificates of Deposit – 56.05% (31/10/22 – 38.45%)</b>			
£100,000,000	ANZ 5.46% SONIA 22/04/2024	100,000	1.55
£125,000,000	BGC International 5.60% SONIA 20/6/2024	125,132	1.94
£60,000,000	BGC International 5.69% SONIA 2/8/2024	60,058	0.93
£50,000,000	BMO Capital 5.30% SONIA 21/3/2024	50,044	0.78
£100,000,000	BMO Capital 5.69% SONIA 11/7/2024	100,073	1.55
£50,000,000	BMO Capital 5.69% SONIA 11/7/2024	50,037	0.77
£50,000,000	BNP Paribas 5.56% 9/2/2024	50,003	0.77
£75,000,000	BNP Paribas 5.69% 1/2/2024	75,028	1.16
£75,000,000	BNP Paribas 5.94% 7/3/2024	75,089	1.16
£50,000,000	Citigroup 5.51% 3/11/2023	50,001	0.77
£50,000,000	Citigroup 5.52% 7/2/2024	49,998	0.77
£75,000,000	Commonwealth Bank of Australia 5.28% SONIA 20/11/2023	75,004	1.16
£100,000,000	Cooperative Rabobank 5.46% SONIA 19/4/2024	99,996	1.55
£125,000,000	Credit Agricole 5.46% 4/1/2024	125,011	1.94
£50,000,000	Credit Agricole 5.52% 1/2/2024	50,007	0.77
£150,000,000	Credit Industrial et Commercial 5.19% SONIA 1/11/2023	150,000	2.32
£25,000,000	DBS Bank 0.00% 22/1/2024	24,694	0.38
£50,000,000	DBS Bank 0.00% 8/2/2024	49,261	0.76
£100,000,000	DZ Bank 5.60% 2/5/2024	100,000	1.55
£200,000,000	Goldman Sachs 0.00% 4/1/2024	198,104	3.07
£70,000,000	HSBC Bank 0.00% 30/1/2024	69,085	1.07
£25,000,000	HSBC Bank 5.49% SONIA 10/5/2024	25,031	0.39
£50,000,000	HSBC Bank 5.49% SONIA 13/5/2024	50,061	0.79
£75,000,000	ICAP 5.27% SONIA 30/11/2023	75,005	1.16
£150,000,000	ING Bank 5.47% SONIA 8/4/2024	149,994	2.32
£50,000,000	ING Bank 5.39% SONIA 19/2/2024	50,025	0.77
£175,000,000	KBC Bank 5.44% 31/1/2024	175,000	2.71
£100,000,000	LLOYDS Bank 5.52% SONIA 9/5/2024	100,003	1.55
£50,000,000	LLOYDS Bank 5.72% 7/11/2023	50,003	0.77
£50,000,000	Lloyds Bank 5.72% SONIA 14/8/2024	50,048	0.78
£75,000,000	National Australia Bank 5.46% SONIA 29/4/2024	75,013	1.16
£125,000,000	National Australia Bank 5.46% SONIA 2/5/2024	125,000	1.94
£50,000,000	National Bank of Abu Dhabi 5.67% 31/1/2024	50,024	0.77
£10,000,000	Nordea Bank 0.00% 7/3/2024	9,812	0.15
£50,000,000	Nordea Bank 5.02% 3/11/2023	49,999	0.77
£25,000,000	Nordea Bank 5.33% SONIA 4/12/2023	25,002	0.39
£25,000,000	Overseas China Banking Corporation 0.00% 8/11/2023	24,971	0.39
£75,000,000	Overseas China Banking Corporation 0.00% 22/1/2024	74,092	1.15
£50,000,000	Santander UK 5.47% 8/11/2023	50,002	0.77
£75,000,000	Santander UK 5.50% 5/2/2024	75,004	1.16
£50,000,000	Skandinaviska Enskilda Banken 5.63% 30/11/2023	50,013	0.77
£75,000,000	Skandinaviska Enskilda Banken 5.65% 26/3/2024	75,013	1.16
£50,000,000	SMBC Bank 5.53% 27/11/2023	50,003	0.77
£135,000,000	Svenska 5.45% SONIA 18/4/2024	134,994	2.09
£50,000,000	Tradition (UK) SONIA 5.42% 22/1/2024	50,010	0.77
£100,000,000	Tradition (UK) SONIA 5.50% 5/2/2024	100,023	1.55
£35,000,000	United Overseas Bank 5.45% 30/1/2024	34,999	0.54
£25,000,000	United Overseas Bank 5.53% 5/2/2024	25,003	0.39
£20,000,000	UOB Kay Hian 5.35% 30/11/2023	20,000	0.31
£45,000,000	UOB Kay Hian 5.48% 8/11/2023	45,002	0.70
£25,000,000	UOB Kay Hian 5.60% 20/11/2023	25,004	0.39
<b>Total Certificates of Deposit</b>		<b>3,620,778</b>	<b>56.05</b>

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Commercial Paper – 0.53% (31/10/22 – 0.49%)</b>			
£35,000,000	Overseas China Banking Corporation 0.00% 16/2/2024	34,442	0.53
<b>Total Commercial Paper</b>		<b>34,442</b>	<b>0.53</b>
<b>Corporate Bonds – 15.49% (31/10/22 – 35.78%)</b>			
£100,000,000	Bank of Nova Scotia FRN 11/1/2024	100,139	1.55
£10,000,000	Bank of Nova Scotia FRN 29/3/2024	10,006	0.15
£25,000,000	Bank of Nova Scotia FRN 22/6/2024	25,014	0.39
£20,000,000	Canadian Imperial Bank of Commerce FRN 30/1/2024	20,007	0.31
£35,000,000	Canadian Imperial Bank of Commerce FRN 24/4/2024	34,991	0.54
£141,837,000	Clydesdale Bank FRN 22/3/2024	142,067	2.20
£63,920,000	Coventry Building Society FRN 13/11/2023	63,926	0.99
£10,000,000	National Bank of Canada FRN 12/7/2024	10,005	0.15
£5,000,000	National Bank of Canada FRN 24/7/2024	5,002	0.08
£74,942,000	Nationwide Building Society FRN 10/1/2024	75,009	1.16
£20,000,000	Royal Bank of Canada FRN 8/7/2024	20,010	0.31
£44,961,000	Royal Bank of Canada FRN 3/10/2024	45,015	0.70
£12,000,000	Royal Bank of Canada London FRN 17/5/2024	12,005	0.19
£115,195,000	Santander UK FRN 12/2/2024	115,345	1.79
£175,000,000	SG Issuer SONIA 5.30% 9/2/2024*	175,000	2.71
£24,567,000	Skipton Building Society FRN 22/2/2024	24,598	0.38
£64,432,000	TSB Bank FRN 15/2/2024	64,539	1.00
£57,650,000	Yorkshire Building Society FRN 19/11/2023	57,664	0.89
<b>Total Corporate Bonds</b>		<b>1,000,342</b>	<b>15.49</b>
<b>Government Bonds – 16.27% (31/10/22 – 10.27%)</b>			
£125,000,000	UK Treasury 0% 6/11/2023	124,910	1.93
£200,000,000	UK Treasury 0% 13/11/2023	199,654	3.09
£75,000,000	UK Treasury 0% 20/11/2023	74,790	1.16
£30,000,000	UK Treasury 0% 27/11/2023	29,886	0.46
£82,500,000	UK Treasury 0% 2/1/2024	81,757	1.27
£138,060,000	UK Treasury 0% 15/1/2024	136,565	2.11
£100,000,000	UK Treasury 0% 29/1/2024	98,713	1.53
£75,000,000	UK Treasury 0% 5/2/2024	73,961	1.15
£25,000,000	UK Treasury 0% 12/2/2024	24,625	0.38
£50,000,000	UK Treasury 0% 19/2/2024	49,203	0.76
£60,000,000	UK Treasury 0% 26/2/2024	58,981	0.91
£50,000,000	UK Treasury 0% 2/4/2024	48,892	0.76
£50,000,000	UK Treasury 0% 15/4/2024	48,798	0.76
<b>Total Government Bonds</b>		<b>1,050,735</b>	<b>16.27</b>
<b>Total value of investments</b>		<b>5,706,297</b>	<b>88.34</b>
<b>Net other assets</b>		<b>753,095</b>	<b>11.66</b>
<b>Total net assets</b>		<b>6,459,392</b>	<b>100.00</b>

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

\* Level 3 asset

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.125% 31/1/2023	333,117
UK Treasury 0% 31/7/2023	197,797
UK Treasury 0% 13/11/2023	197,340
Goldman Sachs 0.00% 4/1/2024	197,297
TSB Bank FRN 15/2/2024	190,466
KBC Bank 5.44% 31/1/2024	175,000
SG Issuer 0% 10/8/2023	175,000
SG Issuer SONIA 5.30% 9/2/2024	175,000
UK Treasury 0% 14/8/2023	173,033
Belfius Bank 0% 13/2/2023	169,872
<b>Subtotal</b>	<b>1,983,922</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>14,888,929</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.125% 31/1/2023	504,192
UK Treasury 0% 31/7/2023	200,000
UK Treasury 0% 14/8/2023	175,000
SG Issuer 0% 10/8/2023	175,000
Belfius Bank 0% 13/2/2023	169,872
Belfius Bank 0% 20/2/2023	169,872
UK Treasury 0% 9/1/2023	151,000
ING Bank SONIA 9/11/2023	150,037
Credit Industrial et Commercial SONIA 18/4/2023	150,008
National Bank of Abu Dhabi 4.02% 17/4/2023	150,004
<b>Subtotal</b>	<b>1,994,985</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>13,572,793</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	607	(2,219)
Revenue	3	248,737	45,420
Expenses	4	(3,333)	(2,176)
Interest payable and similar charges		(19)	–
Net revenue before taxation		245,385	43,244
Taxation	5	(1)	–
Net revenue after taxation		245,384	43,244
Total return before distributions		245,991	41,025
Distributions	6	(245,384)	(43,242)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>607</b>	<b>(2,217)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		5,706,297	4,342,303
<b>Current assets:</b>			
Debtors	7	164,040	32,398
Cash and bank balances	8	1,044,251	874,912
<b>Total assets</b>		<b>6,914,588</b>	<b>5,249,613</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	9	435,847	136,004
Distribution payable		19,349	4,530
<b>Total liabilities</b>		<b>455,196</b>	<b>140,534</b>
<b>Net assets attributable to shareholders</b>		<b>6,459,392</b>	<b>5,109,079</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>5,109,079</b>	<b>3,206,834</b>
Amounts receivable on creation of shares	3,828,901	3,600,313
Amounts receivable on In Specie creation	–	101,812
Amounts payable on cancellation of shares	(2,708,828)	(1,840,156)
	1,120,073	1,861,969
Change in net assets attributable to shareholders from investment activities	607	(2,217)
Retained distributions on accumulation shares	229,633	42,493
<b>Closing net assets attributable to shareholders</b>	<b>6,459,392</b>	<b>5,109,079</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	607	(2,219)
<b>Net capital gains/(losses)</b>	<b>607</b>	<b>(2,219)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	214,914	37,012
Bank interest	676	42
Deposit interest	33,147	8,366
<b>Total revenue</b>	<b>248,737</b>	<b>45,420</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	3,333	2,176
<b>Total expenses</b>	<b>3,333</b>	<b>2,176</b>

\* Audit fee £15,106 (31/10/22: £14,387) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	1	–
<b>Total tax charge for the year</b>	<b>1</b>	<b>–</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	245,385	43,244
Corporation tax at 20% (31/10/22: 20%)	49,077	8,649

Effects of:

Tax deductible interest distributions	(49,076)	(8,649)
<b>Total tax charge for the year</b>	<b>1</b>	<b>–</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset (31/10/22: same) in relation to surplus management expenses.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	84,222	6,407
Final	145,411	36,086
	229,633	42,493
<b>Income shares</b>		
Interim	8,483	469
Final	19,349	4,530
	27,832	4,999
<b>Net distributions for the year</b>	<b>257,465</b>	<b>47,492</b>
Add: Amounts deducted on cancellation of shares	28,083	4,298
Deduct: Amounts received on the creation of shares	(40,164)	(8,548)
<b>Gross interest distributions for the year</b>	<b>245,384</b>	<b>43,242</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	245,384	43,244
Movement in income carried forward	–	(2)
<b>Gross interest distributions for the year</b>	<b>245,384</b>	<b>43,242</b>

Details of the distribution per share are set out on pages 60 to 61.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	124,526	22,121
Accrued revenue	39,514	10,277
<b>Total debtors</b>	<b>164,040</b>	<b>32,398</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	1,044,251	874,912
<b>Total cash and bank balances</b>	<b>1,044,251</b>	<b>874,912</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	–	10,772
Purchases awaiting settlement	435,499	125,000
Accrued expenses	348	232
<b>Total other creditors</b>	<b>435,847</b>	<b>136,004</b>

### 10. Reconciliation of number of shares

	Class R Accumulation
Opening shares at 01/11/22	2,673,881,664
Shares issued	1,082,670,061
Shares cancelled	(1,079,958,110)
<b>Closing shares at 31/10/23</b>	<b>2,676,593,615</b>

	Class S Accumulation	Class S Income
Opening shares at 01/11/22	330,638,479	49,926,133
Shares issued	391,066,172	–
Shares cancelled	(524,874,294)	–
<b>Closing shares at 31/10/23</b>	<b>196,830,357</b>	<b>49,926,133</b>

	Class Y Accumulation	Class Y Income
Opening shares at 01/11/22	1,416,381,990	545,237,264
Shares issued	1,694,635,978	562,923,882
Shares cancelled	(652,639,546)	(391,301,578)
<b>Closing shares at 31/10/23</b>	<b>2,458,378,422</b>	<b>716,859,568</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £124,178,000 (31/10/22: £11,117,000).

At the year end, 31 October 2023 38.06% (31/10/22: 46.99%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 54. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

All of the assets of the Fund are sterling denominated, there is no exposure to foreign currency.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £570,630,000 (31/10/22: £434,230,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £570,630,000 (31/10/22: £434,230,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	2,044,593	2,710,483	2,159,512	6,914,588
<b>Total</b>	<b>2,044,593</b>	<b>2,710,483</b>	<b>2,159,512</b>	<b>6,914,588</b>

<b>31 Oct 2022</b>				
Sterling	1,433,706	3,348,285	467,622	5,249,613
<b>Total</b>	<b>1,433,706</b>	<b>3,348,285</b>	<b>467,622</b>	<b>5,249,613</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	455,196	455,196
<b>Total</b>	<b>–</b>	<b>455,196</b>	<b>455,196</b>

<b>31 Oct 2022</b>			
Sterling	–	140,534	140,534
<b>Total</b>	<b>–</b>	<b>140,534</b>	<b>140,534</b>

Based on 2023 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £24,727,000 (31/10/22: £53,838,000). Another possible scenario, if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £8,242,000 (31/10/22: £17,946,000).

A change of 3% in the prevailing interest rates would result in a change of 0.00% (31/10/22: nil) to the value of the Fund. A change of 1% in the prevailing interest rates would result in a change of 0.00% (31/10/22: nil) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 13. Risk disclosures – continued

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	1,851,068	28.66	2,266,469	44.36
Unrated bonds	200,009	3.10	86,340	1.69
<b>Total bonds</b>	<b>2,051,077</b>	<b>31.76</b>	<b>2,352,809</b>	<b>46.05</b>
Certificates of deposit	3,620,778	56.05	1,964,527	38.45
Commercial paper	34,442	0.53	24,967	0.49
<b>Total value of investments</b>	<b>5,706,297</b>	<b>88.34</b>	<b>4,342,303</b>	<b>84.99</b>

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

### 14. Portfolio transaction costs

	31 Oct 2022 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	14,888,929	9,911,386
Total sales	13,572,793	8,134,417

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.02% (31/10/22: 0.02%).

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

### 15. Fair value of investments

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

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

Category 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Category 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Category 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	1,876,077	175,000	2,051,077
Certificates of deposit	–	3,620,778	–	3,620,778
Commercial paper	–	34,442	–	34,442
<b>Total</b>	<b>–</b>	<b>5,531,297</b>	<b>175,000</b>	<b>5,706,297</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	2,352,809	–	2,352,809
Certificates of deposit	–	1,964,527	–	1,964,527
Commercial paper	–	24,967	–	24,967
<b>Total</b>	<b>–</b>	<b>4,342,303</b>	<b>–</b>	<b>4,342,303</b>

At the current year end, the level 3 asset held was the following debt security: SG Issuer SONIA 5.30% 9/2/2024.

The fair value of SG Issuer SONIA 5.30% 9/2/2024 at the current year was based on a single broker quote.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £6,570,145,551. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 3.15%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class R Accumulation</b>				
Group 1	1.8500	–	1.8500	0.1732
Group 2	0.6475	1.2025	1.8500	0.1732
<b>Class S Accumulation</b>				
Group 1	1.8421	–	1.8421	0.1725
Group 2	1.1885	0.6536	1.8421	0.1725
<b>Class S Income</b>				
Group 1	1.8071	–	1.8071	0.1709
Group 2	1.8071	0.0000	1.8071	0.1709
<b>Class Y Accumulation</b>				
Group 1	1.8257	–	1.8257	0.1358
Group 2	0.9907	0.8350	1.8257	0.1358
<b>Class Y Income</b>				
Group 1	1.7214	–	1.7214	0.1321
Group 2	0.8818	0.8396	1.7214	0.1321

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class R Accumulation</b>				
Group 1	2.7374	–	2.7374	0.8263
Group 2	1.6017	1.1357	2.7374	0.8263
<b>Class S Accumulation</b>				
Group 1	2.7256	–	2.7256	0.8228
Group 2	1.3273	1.3983	2.7256	0.8228
<b>Class S Income</b>				
Group 1	2.6260	–	2.6260	0.8137
Group 2	2.6260	0.0000	2.6260	0.8137
<b>Class Y Accumulation</b>				
Group 1	2.7163	–	2.7163	0.7958
Group 2	1.3623	1.3540	2.7163	0.7958
<b>Class Y Income</b>				
Group 1	2.5163	–	2.5163	0.7563
Group 2	1.3375	1.1788	2.5163	0.7563

# Royal London Corporate Bond Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Corporate Bond Fund, Class A Income	5.46	-10.35	1.00
Royal London Corporate Bond Fund, Class M Accumulation	5.57	-10.01	2.29
Royal London Corporate Bond Fund, Class M Income	5.59	-9.99	2.28
Royal London Corporate Bond Fund, Class S Accumulation	6.12	-8.74	–
Royal London Corporate Bond Fund, Class Y Accumulation	5.78	-9.56	3.20
Royal London Corporate Bond Fund, Class Y Income	5.80	-9.53	3.27
Royal London Corporate Bond Fund, Class Z Income	5.77	-9.56	3.13
iBoxx Sterling Non-Gilt All Maturities Index	2.79	-16.94	-5.36
IA £ Corporate Bond TR	3.51	-14.24	-2.60

Class S Accumulation launched on 9 April 2019.

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

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

### Performance overview

In the period under review, the Fund has outperformed both its benchmark and peers. It is a similar story for the 3-year and 5-year periods.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

During the period, our outperformance was driven by sector allocation and stock selection, particularly stock positioning within bank and insurance debt and sector underweights in supranational & agencies. Fund positioning also benefited from active positioning around government bond yield movements.

In terms of activity, financials dominated market issuance and, therefore, our new issue activity during the past twelve months.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, as energy and food price increases moderate and sluggish GDP weakens the labour market. Nonetheless, UK interest rates are likely to remain high as the Bank of England continues to focus on bringing inflation under control.

Although the economic data remains very mixed, we still believe that elevated rates will lead to a slowdown in the UK, impacting company earnings and leading to some increase in credit rating downgrades and default rates. We still favour sterling credit bonds over government debt as credit spreads remain at reasonably attractive levels. However, recent outperformance means that their relative attractiveness has reduced. We remain focused on identifying companies with strong balance sheets, favouring issues with security and downside protection, and ensuring that portfolios are diversified across issuers and sectors.

**Shalin Shah and Matt Franklin**  
**Fund Co-Managers**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class A Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	79.04	101.40	99.95
Return before operating charges*	5.44	(18.05)	5.64
Operating charges	(0.57)	(0.64)	(0.72)
Return after operating charges*	4.87	(18.69)	4.92
Distributions on income shares	(4.52)	(3.67)	(3.47)
<b>Closing net asset value per share</b>	<b>79.39</b>	<b>79.04</b>	<b>101.40</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.16%	(18.43)%	4.92%
<b>Other information</b>			
Closing net asset value (£'000)	19,877	19,825	35,106
Closing number of shares	25,038,102	25,081,261	34,620,121
Operating charges	0.69%	0.69%	0.69%*
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	85.64	104.00	105.20
Lowest share price	78.77	75.39	100.20

\* The FMF was reduced from 1.00% to 0.69% on 6 November 2020.

### Class M Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	130.29	160.22	152.50
Return before operating charges*	8.91	(29.10)	8.61
Operating charges	(0.78)	(0.83)	(0.89)
Return after operating charges*	8.13	(29.93)	7.72
Distributions on accumulation shares	(7.61)	(5.89)	(5.36)
Retained distributions on accumulation shares	7.61	5.89	5.36
<b>Closing net asset value per share</b>	<b>138.42</b>	<b>130.29</b>	<b>160.22</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.24%	(18.68)%	5.06%
<b>Other information</b>			
Closing net asset value (£'000)	550,733	521,217	680,101
Closing number of shares	397,857,297	400,052,176	424,482,890
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	143.00	164.30	163.70
Lowest share price	129.80	122.70	152.90

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	97.20	124.53	122.58
Return before operating charges*	6.68	(22.18)	6.92
Operating charges	(0.57)	(0.64)	(0.71)
Return after operating charges*	6.11	(22.82)	6.21
Distributions on income shares	(5.56)	(4.51)	(4.26)
<b>Closing net asset value per share</b>	<b>97.75</b>	<b>97.20</b>	<b>124.53</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.29%	(18.32)%	5.07%
<b>Other information</b>			
Closing net asset value (£'000)	151,814	136,638	197,399
Closing number of shares	155,307,222	140,578,604	158,516,142
Operating charges	0.56%	0.56%	0.56%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	105.30	127.70	129.00
Lowest share price	96.86	92.70	122.90

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	94.89	116.17	110.08
Return before operating charges*	6.49	(21.16)	6.22
Operating charges	(0.11)	(0.12)	(0.13)
Return after operating charges*	6.38	(21.28)	6.09
Distributions on accumulation shares	(5.56)	(4.28)	(3.88)
Retained distributions on accumulation shares	5.56	4.28	3.88
<b>Closing net asset value per share</b>	<b>101.27</b>	<b>94.89</b>	<b>116.17</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.72%	(18.32)%	5.53%
<b>Other information</b>			
Closing net asset value (£'000)	2,091	6,046	7,402
Closing number of shares	2,064,566	6,371,638	6,371,638
Operating charges	0.11%	0.11%	0.11%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	104.30	119.20	118.60
Lowest share price	94.57	89.38	110.40

## Comparative Tables (continued)

### Class Y Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	103.21	126.68	120.36
Return before operating charges*	7.06	(23.04)	6.78
Operating charges	(0.41)	(0.43)	(0.46)
Return after operating charges*	6.65	(23.47)	6.32
Distributions on accumulation shares	(6.00)	(4.66)	(4.24)
Retained distributions on accumulation shares	6.00	4.66	4.24
<b>Closing net asset value per share</b>	<b>109.86</b>	<b>103.21</b>	<b>126.68</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.44%	(18.53)%	5.25%
<b>Other information</b>			
Closing net asset value (£'000)	31,428	82,935	57,972
Closing number of shares	28,608,432	80,354,234	45,760,552
Operating charges	0.37%	0.37%	0.37%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	113.30	129.90	129.40
Lowest share price	102.90	97.23	120.70

### Class Y Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	83.19	106.38	104.51
Return before operating charges*	5.71	(18.97)	5.90
Operating charges	(0.32)	(0.36)	(0.40)
Return after operating charges*	5.39	(19.33)	5.50
Distributions on income shares	(4.76)	(3.86)	(3.63)
<b>Closing net asset value per share</b>	<b>83.82</b>	<b>83.19</b>	<b>106.38</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.48%	(18.17)%	5.26%
<b>Other information</b>			
Closing net asset value (£'000)	41,904	24,116	31,377
Closing number of shares	49,991,551	28,989,950	29,495,629
Operating charges	0.37%	0.37%	0.37%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	90.21	109.10	110.00
Lowest share price	82.91	79.33	104.80

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	84.68	108.32	106.47
Return before operating charges*	5.82	(19.30)	6.00
Operating charges	(0.36)	(0.41)	(0.45)
Return after operating charges*	5.46	(19.71)	5.55
Distributions on income shares	(4.85)	(3.93)	(3.70)
<b>Closing net asset value per share</b>	<b>85.29</b>	<b>84.68</b>	<b>108.32</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	6.45%	(18.20)%	5.21%
<b>Other information</b>			
Closing net asset value (£'000)	338,622	217,568	396,866
Closing number of shares	397,040,180	256,943,866	366,375,079
Operating charges	0.41%	0.41%	0.41%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	91.81	111.10	112.10
Lowest share price	84.39	80.75	106.70

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Commercial Mortgage Backed Securities – 5.27% (31/10/22 – 4.92%)</b>				£2,152,000	BAT International Finance 5.75% 5/7/2040	1,711	0.15
£1,225,000	British Land 5.264% 24/9/2035	1,091	0.10	£1,174,000	BBC Pacific Quay Finance 5.5653% 25/7/2034	862	0.08
£3,708,000	Canary Wharf Finance II (A7) FRN 22/10/2037	2,948	0.26	£1,550,000	Blackstone Property Partners Europe 2.625% 20/10/2028	1,205	0.11
£10,300,000	Equity Release FRN 14/7/2045	7,104	0.62	£8,686,000	Blackstone Property Partners Europe 4.875% 29/4/2032	6,728	0.59
£8,596,000	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	6,075	0.53	£943,000	Blend Funding 2.984% 15/3/2036	708	0.06
£4,400,000	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	2,696	0.24	£2,401,000	Blend Funding 3.508% 4/5/2059	1,505	0.13
£13,872,000	Income Contingent Student Loan 2 FRN 24/7/2058	1,382	0.12	£3,600,000	BNP Paribas 2% variable 24/5/2031	3,136	0.28
£7,896,000	Income Contingent Student Loan 2.5% 24/7/2056	4,081	0.36	\$3,054,000	BNP Paribas SA 7.75% variable perpetual	2,334	0.21
£9,479,000	Income Contingent Student Loan 2.5% 24/7/2058	5,121	0.45	£429,000	Boston Mayflower Finance 4.321% 8/9/2059	313	0.03
£9,550,000	Income Contingent Student Loan FRN 24/7/2056	536	0.05	£4,346,000	BP Capital Markets 4.25% variable perpetual	3,883	0.34
£2,762,000	Last Mile Logistics CMBS 2023-1 17/8/2033	2,765	0.24	£3,000,000	BPCE 2.125% variable 13/10/2046	1,879	0.17
£5,551,000	Magenta 2020 FRN 20/12/2024	4,863	0.43	£2,100,000	BPCE 2.5% variable 30/11/2032	1,728	0.15
£4,548,000	Parkmore Point RMBS 2022-1 FRN 25/7/2045	3,708	0.33	£7,632,000	British Land 5.264% 24/9/2035	6,795	0.60
£4,713,000	Sage AR Funding FRN 17/11/2051	4,562	0.40	£3,257,000	British Land 5.357% 31/3/2028	3,113	0.27
£2,043,000	Scorpio European Loan Conduit No.34 FRN 17/5/2029	1,963	0.17	£1,174,000	BWP Issuer 2.868% 30/6/2036	750	0.07
£2,500,000	Stark Financing 2023-1 DAC FRN 17/8/2033	2,494	0.22	£4,525,000	Canary Wharf Finance 5.952% 22/10/2037	4,287	0.38
£5,432,000	Taurus 2019-2 FRN 17/11/2029	5,104	0.45	£8,461,000	Centrica 5.25% variable 10/4/2075	8,093	0.71
£3,450,000	Taurus FRN 17/5/2030	3,391	0.30	£1,129,000	Channel Link Enterprises Finance FRN 30/12/2050	833	0.07
£0	Taurus FRN 17/5/2031	0	–	£2,000,000	Cheltenham & Gloucester 11.75% perpetual	2,820	0.25
<b>Total Commercial Mortgage Backed Securities</b>		<b>59,884</b>	<b>5.27</b>	£1,350,000	Close Brothers Group 2% variable 11/9/2031	1,108	0.10
<b>Corporate Bonds – 91.97% (31/10/22 – 91.11%)</b>				£3,130,000	Close Brothers Group 7.75% 14/6/2028	3,144	0.28
£5,870,000	3i Group 3.75% 5/6/2040	4,075	0.36	£5,461,000	Connect M77 GSO 5.404% 31/3/2034	3,178	0.28
€4,000,000	3i Group 4.875% 14/6/2029	3,431	0.30	£3,700,000	Co-operative Bank 9.5% variable 25/4/2029	3,618	0.32
£5,139,000	AA Bond 6.269% 2/7/2043	5,048	0.44	£5,711,000	Co-operative Bank Finance 6% variable 6/4/2027	5,183	0.46
£2,639,000	AA Bond 7.375% 31/7/2050	2,464	0.22	£4,493,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	4,288	0.38
£3,240,000	AA Bond 8.45% 31/7/2050	3,244	0.29	£0	Credit Suisse AG London 1.125% 15/12/2025	0	–
£1,304,000	AA Bond Co Ltd 3.25% 31/7/2050	1,042	0.09	\$0	Credit Suisse AG New York 2.95% 9/4/2025	0	–
£3,392,000	abrdn 5.25% variable perpetual	2,723	0.24	£1,200,000	Coventry Building Society 6.875% variable perpetual	1,146	0.10
£1,668,000	Admiral Group 8.5% 6/1/2034	1,696	0.15	\$1,800,000	Credit Suisse Group 7.5% variable perpetual*	0	–
£3,000,000	Aggregate Micro Power Infrastructure No.2 8% 17/10/2036*	2,691	0.24	£1,135,000	CPUK Finance 3.588% 28/2/2042	1,076	0.09
€5,370,000	Akelius Residential Property 2.249% variable 17/5/2081	3,795	0.33	£2,700,000	Credit Agricole 5.875% 25/10/2033	2,365	0.21
£1,900,000	Akelius Residential Property 2.375% 15/8/2025	1,753	0.15	£1,700,000	Credit Agricole 7.5% variable perpetual	1,594	0.14
\$3,600,000	Allianz SE 3.2% variable perpetual	2,110	0.19	£2,735,000	Credit Agricole SA 7.5% variable perpetual	2,560	0.23
£5,223,900	Alpha Plus 5% 31/3/2024	5,145	0.45	£450,000	Credit Suisse 7% variable 30/9/2027	453	0.04
£5,400,000	Annington Funding 2.646% 12/7/2025	5,050	0.44	£13,174,000	Credit Suisse 7.75% 10/3/2026	13,529	1.19
£2,750,000	Annington Funding 2.924% 6/10/2051	1,398	0.12	£9,951,000	Credit Suisse Group 7.375% variable 7/9/2033	10,462	0.92
£4,461,000	Annington Funding 3.184% 12/7/2029	3,693	0.33	€1,000,000	Credit Suisse Group 7.75% variable 1/3/2029	965	0.08
£1,700,000	Annington Funding 3.685% 12/7/2034	1,278	0.11	£1,000,000	CYBG 4% variable 3/9/2027	907	0.08
£1,721,000	Annington Funding 3.935% 12/7/2047	1,123	0.10	£4,313,000	CYBG 9.25% variable perpetual	4,218	0.37
£2,610,000	Annington Funding 4.75% 9/8/2033	2,186	0.19	£3,750,000	Daily Mail & General 6.375% 21/6/2027	3,401	0.30
\$1,035,000	Argentum Netherlands 4.625% variable perpetual	781	0.07	£6,500,000	Delamare Finance 5.5457% 19/2/2029	3,486	0.31
£1,600,000	Aroundtown 3.625% 10/4/2031	1,040	0.09	£5,000,000	Derby Healthcare 5.564% 30/6/2041	4,284	0.38
£4,384,000	Aroundtown 4.75% variable perpetual	1,797	0.16	£8,732,000	Dignity Finance 3.5456% 31/12/2034	4,991	0.44
£5,650,000	Arqiva Finance 4.882% 31/12/2032	3,323	0.29	£3,700,000	Direct Line Insurance 4% 5/6/2032	2,661	0.23
£1,800,000	Arqiva Financing 7.21% 30/6/2045	1,848	0.16	£12,400,000	Electricite de France 5.875% variable perpetual	10,199	0.90
£17,150,000	Assicurazioni Generali 6.269% perpetual	16,567	1.46	£13,800,000	Electricite de France 6% 23/1/2114	11,168	0.98
£1,400,000	Athene Global Funding 1.875% 30/11/2028	1,117	0.10	£2,600,000	Electricite de France 6% variable perpetual	2,397	0.21
£6,310,000	Aviva 6.125% variable 14/11/2036	6,239	0.55	\$1,234,000	Electricite de France SA 9.125% variable perpetual	1,044	0.09
£21,026,000	Aviva 6.875% variable 20/5/2058	19,478	1.71	£3,020,000	Equity Release Funding No.3 5.05% 26/4/2033	2,663	0.23
£2,800,000	Aviva 6.875% variable perpetual	2,359	0.21	£3,200,000	Eskmuir Group Finance 4.255% 12/12/2047*	1,802	0.16
£1,756,000	AXA 5.625% variable 16/1/2054	1,564	0.14	£2,962,000	Esure Group 12% variable 20/12/2033	3,029	0.27
\$9,936,000	AXA 6.379% variable perpetual	8,480	0.75	£4,482,000	Esure Group 6% variable perpetual	3,093	0.27
£10,153,000	AXA 6.6862% variable perpetual	10,015	0.88	£8,525,000	Eversholt Funding 2.742% 30/6/2040	5,789	0.51
£3,609,000	AXA SA 1.875% variable 10/7/2042	2,350	0.21	£1,790,000	Eversholt Funding 3.529% 7/8/2042	1,256	0.11
£4,000,000	Barclays 3.75% variable 22/11/2030	3,692	0.33	£5,600,000	Eversholt Funding 6.697% 22/2/2035	4,663	0.41
\$21,260,000	Barclays 6.278% variable perpetual	16,284	1.43	£5,481,000	Fidelity National Information 3.36% 21/5/2031	4,585	0.40
£6,417,000	Barclays 8.407% variable 14/11/2032	6,532	0.58	£3,172,000	Folio Residential Finance 1.246% 31/10/2037	2,660	0.23
£2,695,000	Barclays 8.875% variable perpetual	2,490	0.22	£3,700,000	Freshwater Finance 4.556% 3/4/2036	3,001	0.26
£6,771,000	Barclays 9.25% variable perpetual	6,162	0.54	£6,509,000	Freshwater Finance 5.182% 20/4/2035	5,852	0.51
€9,330,000	Barclays Bank 4.75% variable perpetual	7,190	0.63	£1,934,000	Gatwick Funding 2.875% 5/7/2051	1,050	0.09
£2,248,000	Barclays 7.09% variable 6/11/2029	2,234	0.20	£900,000	Gatwick Funding 3.125% 28/9/2041	592	0.05
£5,050,000	BAT International Finance 4% 23/11/2055	2,730	0.24	£5,098,000	GB Social Housing 5.193% 12/2/2038	4,575	0.40
				£683,000	General Electric Capital 4.875% 18/9/2037	572	0.05

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 91.97% (31/10/22 – 91.11%) – continued</b>				£6,382,000	Mitchells & Butlers (A1N) FRN 15/12/2030	2,208	0.19
£2,440,000	Genfinance II 6.064% 21/12/2039	2,392	0.21	£7,250,000	Mitchells & Butlers (A4) FRN 15/12/2028	3,526	0.31
£4,581,000	Grainger 3% 3/7/2030	3,571	0.31	£3,077,000	Mitchells & Butlers 5.574% 15/12/2030	725	0.06
£1,372,000	Grainger 3.375% 24/4/2028	1,187	0.10	£1,094,000	Mitchells & Butlers FRN 15/12/2033	798	0.07
£12,329,000	Great Rolling Stock 6.875% 27/7/2035	6,841	0.60	£8,280,000	Mitchells and Butlers Finance FRN 15/12/2030	2,332	0.21
£3,353,000	Greene King 3.593% 15/3/2035	2,517	0.22	£2,480,000	Mizuho Financial 5.628% 13/6/2028	2,444	0.22
£1,641,000	GreenSquareAccord 5.25% 30/11/2047	1,405	0.12	£3,394,000	Morgan Stanley 5.789% variable 18/11/2033	3,282	0.29
£4,306,000	Guinness Trust 7.5% 30/11/2037	3,500	0.31	£4,124,000	Morhoms 3.4% 19/2/2040	3,018	0.27
£1,736,000	Gwynt y Môr OFTO 2.778% 17/2/2034	967	0.09	£2,329,000	MPT Operating Partnership 3.375% 24/4/2030	1,396	0.12
£5,410,767	Harbour Funding 5.28% 31/3/2044	5,068	0.45	£4,646,000	MPT Operating Partnership 3.692% 5/6/2028	3,128	0.28
£1,345,000	Hastoe Capital 5.6% 27/3/2042	1,216	0.11	£4,000,000	Muenchener Rueckversicherung 3.25% variable 26/5/2049	3,172	0.28
£3,685,554	Haven Funding 8.125% 30/9/2037	3,441	0.30	£2,100,000	National Australia Bank 1.699% variable 15/9/2031	1,789	0.16
£3,527,000	Heathrow Finance 3.875% 1/3/2027	3,086	0.27	£1,400,000	National Exhibition Center 7.5625% 30/9/2027	1,484	0.13
£5,041,000	Heathrow Funding 2.625% 16/3/2028	4,214	0.37	£3,771,000	National Express 4.25% variable perpetual	3,139	0.28
£1,228,000	Heathrow Funding 2.75% 13/10/2031	1,025	0.09	£1,500,000	Nationwide Building Society 5.769% perpetual	1,404	0.12
£610,000	Heathrow Funding 4.625% 31/10/2046	465	0.04	£2,275,000	NatWest 1.043% variable 14/9/2032	1,644	0.14
£4,426,000	Heathrow Funding 5.875% 13/5/2041	4,085	0.36	£2,437,000	NatWest Group 2.057% variable 9/11/2028	2,062	0.18
£1,167,000	Heathrow Funding 6.45% 10/12/2031	1,181	0.10	£5,800,000	NatWest Group 2.105% variable 28/11/2031	4,939	0.43
£4,083,000	Heathrow Funding 7.075% variable 4/8/2028	4,229	0.37	£2,131,000	NatWest Group 7.416% variable 6/6/2033	2,110	0.19
£2,200,000	Heinz (HJ) Finance 6.25% 18/2/2030	2,177	0.19	£4,630,000	NIBC Bank 0.9673% variable perpetual	3,005	0.26
£1,750,000	Hemingway Properties 10.375% 31/7/2024*	1,488	0.13	£1,789,000	Notting Hill Genesis 2.875% 31/1/2029	1,550	0.14
£2,421,000	Hexagon Housing Association 3.625% 22/4/2048	1,545	0.14	£1,900,000	Opus Chartered variable 31/3/2025	468	0.04
£2,700,000	High Speed Rail Finance 4.375% 1/11/2038	2,299	0.20	£1,354,000	Orsted 2.5% variable 18/2/3021	831	0.07
£1,600,000	Home Group 8.75% 11/5/2037	1,820	0.16	£5,925,000	OSB Group 6% variable perpetual	4,236	0.37
£3,180,000	Housing and Care 3.288% 8/11/2049	2,020	0.18	£3,186,000	OSB Group 9.993% variable 27/7/2033	3,023	0.27
£7,797,000	HSBC 5.375% variable 4/11/2030	7,527	0.66	£4,427,980	Peel Land & Property Investments 8.375% Step 30/4/2040	4,383	0.39
£24,357,000	HSBC 5.844% variable perpetual	23,770	2.09	£1,270,000	Peel South East 10% 30/4/2026	1,270	0.11
£1,688,000	HSBC 6.25% 30/1/2041	1,574	0.14	£8,774,000	Peterborough Progress Health 5.581% 2/10/2042	5,654	0.50
£21,210,000	HSBC 8.201% variable 16/11/2034	21,764	1.92	£1,844,000	Pfizer Investment Enterprises 5.34% 19/5/2063	1,301	0.11
\$1,928,000	HSBC Capital Funding Lp 10.176% variable perpetual	1,934	0.17	£2,789,000	PGH Capital 6.625% 18/12/2025	2,773	0.24
£8,668,000	IG Group 3.125% 18/11/2028	6,970	0.61	£1,150,000	Phoenix Group 5.625% 28/4/2031	993	0.09
£5,100,000	ING Groep NV 6.25% variable 20/5/2033	4,846	0.43	£1,408,000	Places for People Homes 5.09% 31/7/2043	1,395	0.12
£2,900,000	InterContinental Hotels 2.125% 24/8/2026	2,606	0.23	£4,668,000	Places for People Homes 6.625% 30/9/2038	3,386	0.30
£3,137,000	InterContinental Hotels 3.375% 8/10/2028	2,746	0.24	£5,893,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	4,743	0.42
£3,098,000	Intermediate Capital Group 1.625% 17/2/2027	2,341	0.21	£10,274,000	Premiertel 6.175% 8/5/2032	7,102	0.62
£6,000,000	Intermediate Capital Group 2.5% 28/1/2030	4,019	0.35	£4,527,000	Principality Building Society 8.625% 12/7/2028	4,664	0.41
£3,100,000	Intu (SGS) Finance 4.625% 17/3/2033	1,665	0.15	£1,471,000	Protective Life Global Funding 5.248% 13/1/2028	1,440	0.13
£5,300,000	Intu Debenture 5.562% 31/12/2027	1,758	0.15	£1,050,000	Prudential 6.125% 19/12/2031	1,026	0.09
£8,009,000	Intu Metrocentre Finance 4.125% 6/12/2028	4,227	0.37	£7,646,000	QBE Insurance 2.5% variable 13/9/2038	6,103	0.54
£15,153,000	Investec 1.875% variable 16/7/2028	12,395	1.09	£2,820,000	Quadrant Housing 7.93% Step 10/2/2033	2,321	0.20
£1,063,000	Investec 2.625% variable 4/1/2032	866	0.08	£1,130,000	RAC Bond Co 8.25% 6/5/2046	1,141	0.10
£1,966,000	Investec 9.125% variable 6/3/2033	1,966	0.17	£2,905,000	Reynolds American 8.125% 1/5/2040	2,397	0.21
£3,805,000	John Lewis 4.25% 18/12/2034	2,377	0.21	£3,541,000	RMPA Services 5.337% 30/9/2038	2,223	0.20
£4,865,000	JRP Group 9% 26/10/2026	5,104	0.45	£6,300,000	Rothsay Life 5% variable perpetual	3,997	0.35
£876,000	Jupiter Fund Management 8.875% variable 27/7/2030	866	0.08	£8,718,000	Rothsay Life 5.5% variable 17/9/2029	8,559	0.75
£1,564,000	Just Group 7% variable 15/4/2031	1,504	0.13	£5,837,000	Rothsay Life 6.875% variable perpetual	4,825	0.42
£2,436,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	1,592	0.14	£5,894,000	Royal Bank of Scotland 3.622% variable 14/8/2030	5,533	0.49
£3,384,000	Legal & General 4.5% variable 1/11/2050	2,842	0.25	£1,511,000	RSA Insurance 5.125% variable 10/10/2045	1,454	0.13
£23,656,000	Legal & General 5.5% variable 27/6/2064	20,104	1.77	£3,099,000	RSL Finance 6.625% 31/3/2038	2,531	0.22
£4,746,000	Liberty Mutual Group 3.625% variable 23/5/2059	3,936	0.35	£2,185,000	Sainsburys Bank 10.5% variable 12/3/2033	2,256	0.20
£2,704,000	Liverpool Victoria Friendly Society 6.5% variable 22/5/2043	2,599	0.23	£1,714,000	Sampo Oyj 2.5% variable 3/9/2052	1,142	0.10
£3,425,000	Lloyds Banking Group 8.5% variable perpetual	3,198	0.28	£1,166,000	Sanctuary 8.375% 1/9/2031	988	0.09
£3,557,000	Lloyds Banking Group 8.5% variable perpetual	3,255	0.29	£4,800,000	Santander 10.0625% perpetual	6,191	0.54
£2,000,000	Logicor 2019 1.875% 17/11/2031	1,769	0.16	£5,029,000	Santander UK 7.098% variable 16/11/2027	5,057	0.45
£9,245,000	Longstone Finance 4.791% 19/4/2036	3,254	0.29	£4,814,000	Saxon Weald Capital 5.375% 6/6/2042	4,389	0.39
£11,005,000	M&G 5% variable 20/7/2055	9,103	0.80	\$5,308,000	Scentre Group 5.125% variable 24/9/2080	3,606	0.32
£2,730,000	M&G 5.625% variable 20/10/2051	2,369	0.21	\$5,000,000	SCOR 5.25% variable perpetual	3,048	0.27
£20,610,000	M&G 5.7% variable 19/12/2063	16,880	1.49	£3,500,000	Scot Roads Partnership Finance 5.591% 16/3/2045	3,045	0.27
£5,482,000	M&G 6.25% variable 20/10/2068	4,354	0.38	£5,569,000	Scottish Widows 7% 16/6/2043	5,191	0.46
£4,650,000	Marstons Issuer FRN 15/10/2031	1,964	0.17	£3,582,000	Skipton Building Society 6.25% variable 25/4/2029	3,452	0.30
£18,325,000	Meadowhall Finance 4.986% 12/1/2032	8,236	0.72	£7,882,000	Society of Lloyds 4.875% variable 7/2/2047	7,310	0.64
£4,012,000	Mercantile Investment Trust 6.125% 25/2/2030	4,043	0.36	£2,926,000	Southern Gas Networks 6.625% 14/3/2035	2,917	0.26
£1,100,365	Metrocentre New Money Note Sonia + 11% PIK 6/12/2023*	1,067	0.09				
£2,144,000	MIELI London 4.82% 12/8/2027*	1,950	0.17				
£5,006,000	Mitchells & Butler 6.013% 15/12/2028	3,164	0.28				

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 91.97% (31/10/22 – 91.11%) – continued</b>			
£2,074,000	Southern Water Services Finance 1.625% 30/3/2027	1,744	0.15
£3,660,000	Southern Water Services Finance 2.375% 28/5/2028	3,011	0.26
£6,663,000	Southern Water Services Finance 3% 28/5/2037	4,180	0.37
£3,185,000	Southern Water Services Finance 6.64% 31/3/2026	3,145	0.28
£4,210,000	SSE 3.74% variable perpetual	3,831	0.34
£2,283,000	St James Oncology Financing 2.804% 31/3/2037	1,359	0.12
£1,919,000	Stagecoach 4% 29/9/2025	1,816	0.16
\$5,500,000	Standard Chartered 7.014% variable perpetual	4,160	0.37
\$3,500,000	Standard Life Aberdeen 4.25% variable 30/6/2028	2,430	0.21
£2,069,000	Stirling Water Seafield 5.822% 26/9/2026	440	0.04
£4,654,000	Summit Finance 6.484% 31/3/2028	1,390	0.12
£7,352,000	Sunderland 6.38% 31/3/2042	7,034	0.62
£9,307,000	Swan Housing Capital 3.625% 5/3/2048	6,301	0.55
£5,900,000	Swedbank 7.272% variable 15/11/2032	5,823	0.51
€3,100,000	Swiss Re Finance 2.714% variable 4/6/2052	2,173	0.19
\$4,090,000	Telefonica Europe 8.25% 15/9/2030	3,662	0.32
£5,690,000	Telereal Secured Finance 4.01% 10/12/2033	2,814	0.25
£2,821,000	Telereal Securitisation 1.3657% 10/12/2033	1,694	0.15
£2,710,000	Telereal Securitisation 1.9632% variable 10/12/2033	2,437	0.21
£5,066,000	Telereal Securitisation 3.507% variable 10/12/2033	4,559	0.40
£688,900	Telereal Securitisation 3.5625% 10/12/2036	582	0.05
£1,448,100	Telereal Securitisation 3.5625% 10/12/2036	1,232	0.11
£2,636,000	Telereal Securitisation 4.9741% 10/12/2033	1,017	0.09
£4,246,000	Telereal Securitisation 5.4252% 10/12/2033	3,378	0.30
£3,636,000	Telereal Securitisation 6.1645% 10/12/2033	2,961	0.26
£5,250,000	Telereal Securitisation FRN 10/12/2033	1,727	0.15
£4,688,000	Telereal Securitisation FRN 10/12/2033	3,456	0.30
£5,300,000	Telereal Securitisation FRN 10/12/2033	4,198	0.37
£5,375,000	Tesco Property 5.6611% 13/10/2041	4,594	0.40
£4,000,000	Tesco Property 5.8006% 13/10/2040	3,391	0.30
£1,324,000	Tesco Property 6.0517% 13/10/2039	940	0.08
£1,500,000	Tesco Property Finance 7.6227% 13/7/2039	1,238	0.11
£870,000	Thames Water 6.75% 16/11/2028	837	0.07
£5,343,000	Thames Water Kemble Finance 4.625% 19/5/2026	3,022	0.27
£6,564,000	Thames Water Utilities 4% 19/6/2025	6,166	0.54
£2,200,000	Thames Water Utilities 6.5% 9/2/2032	2,031	0.18
£10,596,000	Thames Water Utilities 7.738% 9/4/2058	10,389	0.91
£1,362,000	Thames Water Utilities 8.25% 25/4/2040	1,388	0.12
£5,064,000	THFC Funding 5.2% 11/10/2043	4,482	0.39
£4,430,000	Time Warner Cable 5.75% 2/6/2031	4,103	0.36
£1,487,000	TP ICAP 2.625% 18/11/2028	1,141	0.10
£5,729,000	TP ICAP 5.25% 29/5/2026	5,402	0.48
£908,000	TP ICAP Finance 7.875% 17/4/2030	881	0.08
£3,140,000	Trafford Centre 6.5% 28/7/2033	1,937	0.17
£8,000,000	Trafford Centre FRN 28/7/2035	6,400	0.56
£2,830,000	Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX*	1,540	0.14
£810,000	Ulster Bank Ireland DAC 11.75% perpetual	1,296	0.11
£3,900,000	Unifund 5.32% 7/12/2047	3,051	0.27
£6,052,000	Unique Pub Fin 7.395% 30/3/2024	1,087	0.10
£15,250,000	Unique Pub Finance 5.659% 30/6/2027	5,704	0.50
£8,457,000	UPP Bond Issuer 4.9023% 28/2/2040	6,236	0.55
£3,091,000	Utmost Group 6.125% variable perpetual	2,240	0.20
£2,340,000	Vattenfall AB 2.5% variable 29/6/2083	1,841	0.16
£1,986,000	Vattenfall AB 6.875% variable 17/8/2083	1,912	0.17
£3,650,000	Virgin Money 2.625% variable 19/8/2031	3,108	0.27
£3,333,000	Virgin Money 3.375% variable 24/4/2026	3,120	0.27
£3,600,000	Virgin Money 5.125% variable 11/12/2030	3,367	0.30
£2,530,000	Virgin Money 8.25% variable perpetual	2,176	0.19
£1,438,000	Virgin Money UK 7.625% variable 23/8/2029	1,442	0.13
€1,000,000	Volkswagen International Finance 7.875% variable perpetual	880	0.08
£1,280,000	Wessex Water Services Finance 5.125% 31/10/2032	1,168	0.10
£3,708,000	Westfield America Management 2.625% 30/3/2029	2,938	0.26

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£7,284,000	Westfield Stratford City 1.642% 4/8/2031	6,376	0.56
£2,388,000	White City Property 5.1202% 17/4/2035	1,725	0.15
£3,000,000	Worcestershire Hospital 5.87% 31/12/2030	1,371	0.12
£870,000	Yorkshire Building Society 3.511% variable 11/10/2030	725	0.06
£2,135,000	Yorkshire Building Society 7.375% variable 12/9/2027	2,149	0.19
£3,072,000	Yorkshire Water Finance 5.25% 28/4/2030	2,870	0.25
£2,826,000	Yorkshire Water Services 2.75% 18/4/2041	1,686	0.15
£2,000,000	Yorkshire Water Services 4.965% 13/6/2033	1,696	0.15
\$6,081,000	Zurich Finance 3% variable 19/4/2051	3,745	0.33
£1,934,000	Zurich Finance 5.125% variable 23/11/2052	1,692	0.15
<b>Total Corporate Bonds</b>		<b>1,045,306</b>	<b>91.97</b>
<b>Corporate Preference Bonds – 1.13% (31/10/22 – 1.28%)</b>			
£3,817,535	Lloyds Bank 9.25% Non Cumulative Preference Perpetual	4,848	0.43
£6,041,952	Santander UK Preference 10.375% perpetual	7,964	0.70
<b>Total Corporate Preference Bonds</b>		<b>12,812</b>	<b>1.13</b>
<b>Government Bonds – 0.00% (31/10/22 – 0.14%)</b>			
<b>Total Government Bonds</b>			
<b>Index Linked Bonds – 0.52% (31/10/22 – 0.65%)</b>			
£2,750,000	Coventry & Rugby 3.246% IL 30/6/2040	3,789	0.33
£3,440,000	Road Management Services 3.642% IL 31/3/2028*	2,156	0.19
<b>Total Index Linked Bonds</b>		<b>5,945</b>	<b>0.52</b>
<b>Forward Currency Contracts – 0.02% (31/10/22 – 0.19%)</b>			
	Buy £43,498,739 & Sell €49,940,000†	(115)	-0.01
	Buy £82,061,247 & Sell \$99,250,000†	314	0.03
	Buy \$2,360,000 & Sell £1,952,564†	(9)	-
<b>Total Forward Currency Contracts</b>		<b>190</b>	<b>0.02</b>
<b>Futures – (0.05)% (31/10/22 – 0.16%)</b>			
	(200) CBT US 10 Year Note December 2023	664	0.06
	(100) EURO-Bund Future December 2023	212	0.02
	1,211 ICF Long Gilt Future December 2023	(1,457)	-0.13
<b>Total Futures</b>		<b>(581)</b>	<b>-0.05</b>
<b>Total value of investments*</b>		<b>1,123,556</b>	<b>98.86</b>
<b>Net other assets</b>		<b>12,913</b>	<b>1.14</b>
<b>Total net assets</b>		<b>1,136,469</b>	<b>100.00</b>

\* Level 3 asset

† Unlisted

\* Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.5% 31/1/2029	45,448
HSBC 8.201% variable 16/11/2034	21,210
Legal & General 5.5% variable 27/6/2064	17,879
HSBC 5.844% variable perpetual	16,876
Credit Suisse 7.75% 10/3/2026	13,839
Barclays 6.278% variable perpetual	13,819
Assicurazioni Generali 6.269% perpetual	10,142
AXA 5.625% variable 16/1/2054	9,426
Barclays 9.25% variable perpetual	9,016
Barclays 8.407% variable 14/11/2032	8,916
<b>Subtotal</b>	<b>166,571</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>669,811</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.5% 31/1/2029	45,909
HSBC 4.75% 24/3/2046	14,782
AXA 5.625% variable 16/1/2054	11,990
HSBC 5.375% 22/8/2033	11,785
Barclays Bank 5.75% 14/9/2026	11,590
Goldman Sachs 3.625% variable 29/10/2029	8,033
Shaftesbury Chinatown 2.348% 30/9/2027	7,445
Leeds Building Society 3.75% variable 25/4/2029	7,376
Western Power Distribution 5.75% 16/4/2032	7,173
Abrdn 5.5% variable 4/12/2042	6,649
<b>Subtotal</b>	<b>132,732</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>537,007</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	7,152	(272,136)
Revenue	3	60,880	46,517
Expenses	4	(5,590)	(6,063)
Interest payable and similar charges		(28)	(22)
Net revenue before taxation		55,262	40,432
Taxation	5	–	(48)
Net revenue after taxation		55,262	40,384
Total return/(deficit) before distributions		62,414	(231,752)
Distributions	6	(60,852)	(46,447)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,562</b>	<b>(278,199)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		1,125,137	996,005
<b>Current assets:</b>			
Debtors	7	28,010	19,060
Cash and bank balances	8	16,148	11,994
<b>Total assets</b>		<b>1,169,295</b>	<b>1,027,059</b>
<b>Liabilities</b>			
Investment liabilities		1,581	3,325
<b>Creditors:</b>			
Bank overdraft		8,682	6,286
Other creditors	9	14,069	4,206
Distribution payable		8,494	4,897
<b>Total liabilities</b>		<b>32,826</b>	<b>18,714</b>
<b>Net assets attributable to shareholders</b>		<b>1,136,469</b>	<b>1,008,345</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>1,008,345</b>	<b>1,406,223</b>
Amounts receivable on creation of shares	308,209	174,922
Amounts payable on cancellation of shares	(216,401)	(323,478)
	91,808	(148,556)
Dilution adjustment charged	1,870	1,110
Change in net assets attributable to shareholders from investment activities	1,562	(278,199)
Retained distributions on accumulation shares	32,877	27,761
Unclaimed distributions	7	6
<b>Closing net assets attributable to shareholders</b>	<b>1,136,469</b>	<b>1,008,345</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	7,844	(266,790)
Derivative securities	(3,285)	11,170
Currency (losses)/gains	(1,247)	3,249
Activity fees	(13)	19
Forward currency contracts	3,853	(19,784)
<b>Net capital gains/(losses)</b>	<b>7,152</b>	<b>(272,136)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
UK dividends	980	980
Interest on debt securities	59,461	45,458
Bank interest	180	32
Interest received on amounts held with brokers	202	–
Stock lending income	57	47
<b>Total revenue</b>	<b>60,880</b>	<b>46,517</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	5,590	6,063
<b>Total expenses</b>	<b>5,590</b>	<b>6,063</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Irrecoverable overseas tax	–	48
<b>Total tax charge for the year</b>	<b>–</b>	<b>48</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	55,262	40,432
Corporation tax at 20% (31/10/22: 20%)	11,052	8,086

Effects of:

Revenue not subject to taxation	(196)	(196)
Irrecoverable overseas tax	–	48
Tax deductible interest distributions	(10,856)	(7,890)
<b>Total tax charge for the year</b>	<b>–</b>	<b>48</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £1,000 (31/10/22: £1,000) in relation to surplus management expenses. It is unlikely the Fund future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	7,797	6,622
Second Interim	7,504	6,714
Third Interim	8,724	7,009
Final	8,852	7,416
	32,877	27,761
<b>Income shares</b>		
First Interim	6,340	4,484
Second Interim	6,595	4,286
Third Interim	7,915	4,877
Final	8,494	4,897
	29,344	18,544
<b>Net distributions for the year</b>	<b>62,221</b>	<b>46,305</b>
Add: Amounts deducted on cancellation of shares	1,174	1,270
Deduct: Amounts received on the creation of shares	(2,543)	(1,128)
<b>Gross interest distributions for the year</b>	<b>60,852</b>	<b>46,447</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	55,262	40,384
Expenses charged to capital	5,590	6,063
<b>Gross interest distributions for the year</b>	<b>60,852</b>	<b>46,447</b>

Details of the distribution per share are set out on pages 78 to 81.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	2,947	3,278
Sales awaiting settlement	3,011	–
Accrued revenue	22,052	15,782
<b>Total debtors</b>	<b>28,010</b>	<b>19,060</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	995	1,006
Amounts held at futures clearing houses and brokers	15,153	10,988
<b>Total cash and bank balances</b>	<b>16,148</b>	<b>11,994</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	6,947	1,101
Purchases awaiting settlement	6,631	2,680
Accrued expenses	491	425
<b>Total other creditors</b>	<b>14,069</b>	<b>4,206</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 10. Reconciliation of number of shares

	Class A Income	Class M Accumulation
Opening shares at 01/11/22	25,081,261	400,052,176
Shares issued	2,784,430	42,892,126
Shares cancelled	(2,827,589)	(45,092,425)
Shares converted	–	5,420
<b>Closing shares at 31/10/23</b>	<b>25,038,102</b>	<b>397,857,297</b>

	Class M Income	Class S Accumulation
Opening shares at 01/11/22	140,578,604	6,371,638
Shares issued	44,358,327	–
Shares cancelled	(28,579,454)	(4,307,072)
Shares converted	(1,050,255)	–
<b>Closing shares at 31/10/23</b>	<b>155,307,222</b>	<b>2,064,566</b>

	Class Y Accumulation	Class Y Income
Opening shares at 01/11/22	80,354,234	28,989,950
Shares issued	6,682,654	22,179,725
Shares cancelled	(58,428,456)	(1,178,124)
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>28,608,432</b>	<b>49,991,551</b>

	Class Z Income
Opening shares at 01/11/22	256,943,866
Shares issued	201,278,620
Shares cancelled	(62,378,852)
Shares converted	1,196,546
<b>Closing shares at 31/10/23</b>	<b>397,040,180</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due to/from Royal London Unit Trust Managers Limited in respect of these transactions was £4,491,000 (31/10/22: £1,753,000).

At the year end, 31 October 2023, 0.00% (31/10/22: 0.00%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £14,000 (Gross: £71,000) (31/10/22: £11,000 (Gross: £58,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £36,633,000 (31/10/22: £22,055,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Cash	6,434	–
Bonds	33,855	29,845

The aggregate value of collateral held at the balance sheet date was £40,289,000 (31/10/22: £29,845,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were JP Morgan Securities, Morgan Stanley & Co International, BNP Paribas London, Barclays Bank, HSBC Bank, and Royal Bank of Canada.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 66 to 68, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	318	–
Citigroup Global Markets	(5)	23
JP Morgan	–	2,011
Royal Bank of Canada	(13)	(33)

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 70. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	1,138,137	1,007,799
Euro	(981)	(468)
US dollar	(687)	1,014
<b>Total</b>	<b>1,136,469</b>	<b>1,008,345</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £167,000 (31/10/22: £55,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £167,000 (31/10/22: £55,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £112,356,000 (31/10/22: £99,268,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £112,356,000 (31/10/22: £99,268,000). These calculations assume all other variables remain constant.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	478,927	528,808	38,981	1,046,716
Euro	29,745	12,155	733	42,633
US dollar	67,858	9,790	2,298	79,946
<b>Total</b>	<b>576,530</b>	<b>550,753</b>	<b>42,012</b>	<b>1,169,295</b>
<b>31 Oct 2022</b>				
Sterling	339,539	545,462	30,569	915,570
Euro	20,324	6,865	941	28,130
US dollar	53,504	22,459	7,396	83,359
<b>Total</b>	<b>413,367</b>	<b>574,786</b>	<b>38,906</b>	<b>1,027,059</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	8,682	23,513	32,195
Euro	–	115	115
US dollar	–	516	516
<b>Total</b>	<b>8,682</b>	<b>24,144</b>	<b>32,826</b>
<b>31 Oct 2022</b>			
Sterling	6,189	12,428	18,617
Euro	97	–	97
<b>Total</b>	<b>6,286</b>	<b>12,428</b>	<b>18,714</b>

Based on 2023 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £6,563,000 (31/10/22: £4,526,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £4,154,000 (31/10/22: £2,564,000).

A change of 3% in the prevailing interest rates would result in a change of 0.18% (31/10/22: 0.18%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.06% (31/10/22: 0.06%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	798,668	70.27	736,096	73.04
Investments of below investment grade	152,818	13.44	113,011	11.20
Unrated bonds	159,649	14.05	127,053	12.58
<b>Total bonds</b>	<b>1,111,135</b>	<b>97.76</b>	<b>976,160</b>	<b>96.82</b>
Forward currency contracts – assets	314	0.03	2,011	0.19
Corporate preference shares	12,812	1.13	12,982	1.28
Futures – assets	876	0.08	4,852	0.48
<b>Investments as shown in the balance sheet</b>	<b>1,125,137</b>	<b>99.00</b>	<b>996,005</b>	<b>98.77</b>
Forward currency contracts – liabilities	(124)	(0.01)	(10)	–
Futures – liabilities	(1,457)	(0.13)	(3,315)	(0.32)
<b>Total value of investments</b>	<b>1,123,556</b>	<b>98.86</b>	<b>992,680</b>	<b>98.45</b>

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Portfolio transaction costs

For the year ended 31 October 2023

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	669,673	–	–	–	–	–	–	669,673
Corporate actions	138	–	–	–	–	–	–	138
<b>Total</b>	<b>669,811</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>669,811</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	434,862	–	–	–	–	–	–	434,862
Corporate actions	102,145	–	–	–	–	–	–	102,145
<b>Total</b>	<b>537,007</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>537,007</b>

The Fund had paid £12,000 as commission on purchases and sales derivative transactions for the year ended 31/10/23.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 October 2022

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	339,664	–	–	–	–	–	–	339,664
Corporate actions	99	–	–	–	–	–	–	99
<b>Total</b>	<b>339,763</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>339,763</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	422,195	–	–	–	–	–	–	422,195
Corporate actions	23,363	–	–	–	–	–	–	23,363
<b>Total</b>	<b>445,558</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>445,558</b>

The Fund had paid £12,000 as commission on purchases and sales derivative transactions for the year ended 31/10/22.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 1.06% (31/10/22: 1.20%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Equities	12,812	–	–	12,812
Bonds	–	1,089,671	21,464	1,111,135
Derivatives	876	314	–	1,190
<b>Total</b>	<b>13,688</b>	<b>1,089,985</b>	<b>21,464</b>	<b>1,125,137</b>
<b>Investment liabilities</b>				
Derivatives	(1,457)	(124)	–	(1,581)
<b>Total</b>	<b>(1,457)</b>	<b>(124)</b>	<b>–</b>	<b>(1,581)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Equities	12,982	–	–	12,982
Bonds	–	954,460	21,700	976,160
Derivatives	4,852	2,011	–	6,863
<b>Total</b>	<b>17,834</b>	<b>956,471</b>	<b>21,700</b>	<b>996,005</b>
<b>Investment liabilities</b>				
Derivatives	(3,315)	(10)	–	(3,325)
<b>Total</b>	<b>(3,315)</b>	<b>(10)</b>	<b>–</b>	<b>(3,325)</b>

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

Sonia + 11% PIK 6/12/2024, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX, Road Management Services 3.642% IL 31/3/2028, Hemingway Properties 10.375% 31/7/2024 and Credit Suisse Group 7.5% variable perpetual.

At the prior year end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Eskmuir Group Finance 4.255% 12/12/2047, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, MIELI London 4.82% 12/8/2027, Metrocentre New Money Note Sonia + 11% PIK 6/12/2024, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX and Road Management Services 3.642% IL 31/3/2028.

The fair value of Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Road Management Services 3.642% IL 31/3/2028 and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX at both current year end and prior year end were based on a single broker quote at the last valuation point.

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

Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023 and MIELI London 4.82% 12/8/2027 are priced by the Investment Adviser using an internal pricing model.

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £1,225,248,851. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 5.82%.

There have been no significant redemptions during this period.

The Fund Management Fee on Class Z Income was reduced from 0.41% to 0.35% on 18 December 2023.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class A Income</b>				
Group 1	1.0596	–	1.0596	0.8659
Group 2	0.6529	0.4067	1.0596	0.8659
<b>Class M Accumulation</b>				
Group 1	1.7469	–	1.7469	1.3682
Group 2	0.7934	0.9535	1.7469	1.3682
<b>Class M Income</b>				
Group 1	1.3013	–	1.3013	1.0634
Group 2	0.6055	0.6958	1.3013	1.0634
<b>Class S Accumulation</b>				
Group 1	1.2728	–	1.2728	0.9925
Group 2	1.2728	0.0000	1.2728	0.9925
<b>Class Y Accumulation</b>				
Group 1	1.3519	–	1.3519	1.0821
Group 2	0.6993	0.6526	1.3519	1.0821
<b>Class Y Income</b>				
Group 1	1.1157	–	1.1157	0.9086
Group 2	0.5119	0.6038	1.1157	0.9086
<b>Class Z Income</b>				
Group 1	1.1352	–	1.1352	0.9253
Group 2	0.2873	0.8479	1.1352	0.9253

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Second Interim**

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class A Income</b>				
Group 1	1.0589	–	1.0589	0.8751
Group 2	0.2550	0.8039	1.0589	0.8751
<b>Class M Accumulation</b>				
Group 1	1.7681	–	1.7681	1.3955
Group 2	0.9041	0.8640	1.7681	1.3955
<b>Class M Income</b>				
Group 1	1.3028	–	1.3028	1.0753
Group 2	0.7104	0.5924	1.3028	1.0753
<b>Class S Accumulation</b>				
Group 1	1.2899	–	1.2899	1.0134
Group 2	1.2899	0.0000	1.2899	1.0134
<b>Class Y Accumulation</b>				
Group 1	1.4016	–	1.4016	1.1042
Group 2	0.7362	0.6654	1.4016	1.1042
<b>Class Y Income</b>				
Group 1	1.1157	–	1.1157	0.9192
Group 2	0.5495	0.5662	1.1157	0.9192
<b>Class Z Income</b>				
Group 1	1.1356	–	1.1356	0.9358
Group 2	0.5946	0.5410	1.1356	0.9358

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 29/09/23	Distribution paid 30/09/22
<b>Class A Income</b>				
Group 1	1.1813	–	1.1813	0.9583
Group 2	0.4335	0.7478	1.1813	0.9583
<b>Class M Accumulation</b>				
Group 1	1.9980	–	1.9980	1.5430
Group 2	0.8169	1.1811	1.9980	1.5430
<b>Class M Income</b>				
Group 1	1.4479	–	1.4479	1.1777
Group 2	0.8931	0.5548	1.4479	1.1777
<b>Class S Accumulation</b>				
Group 1	1.4594	–	1.4594	1.1220
Group 2	1.4594	0.0000	1.4594	1.1220
<b>Class Y Accumulation</b>				
Group 1	1.5838	–	1.5838	1.2215
Group 2	0.7504	0.8334	1.5838	1.2215
<b>Class Y Income</b>				
Group 1	1.2440	–	1.2440	1.0073
Group 2	0.6013	0.6427	1.2440	1.0073
<b>Class Z Income</b>				
Group 1	1.2668	–	1.2668	1.0255
Group 2	0.5435	0.7233	1.2668	1.0255

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 August 2023

Group 2: Shares purchased between 1 August 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class A Income</b>				
Group 1	1.2213	–	1.2213	0.9724
Group 2	0.3364	0.8849	1.2213	0.9724
<b>Class M Accumulation</b>				
Group 1	2.0972	–	2.0972	1.5836
Group 2	0.9192	1.1780	2.0972	1.5836
<b>Class M Income</b>				
Group 1	1.5038	–	1.5038	1.1956
Group 2	0.6120	0.8918	1.5038	1.1956
<b>Class S Accumulation</b>				
Group 1	1.5333	–	1.5333	1.1526
Group 2	1.5333	0.0000	1.5333	1.1526
<b>Class Y Accumulation</b>				
Group 1	1.6640	–	1.6640	1.2541
Group 2	0.7629	0.9011	1.6640	1.2541
<b>Class Y Income</b>				
Group 1	1.2891	–	1.2891	1.0230
Group 2	0.5529	0.7362	1.2891	1.0230
<b>Class Z Income</b>				
Group 1	1.3117	–	1.3117	1.0413
Group 2	0.5956	0.7161	1.3117	1.0413

# Royal London Index Linked Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Index Linked Fund, Class M Accumulation	-10.47	-35.96	-24.68
Royal London Index Linked Fund, Class M Income	-10.57	-36.04	-24.78
Royal London Index Linked Fund, Class R Accumulation	-10.27	-35.48	-23.74
FTSE® Actuaries UK Index Linked All Stocks	-9.92	-36.26	-25.79
IA UK Index Linked Gilt TR	-12.09	-39.16	-28.55

Class A Income merged into Class M Income on 21 March 2022.

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

### Performance overview

The Fund performed broadly in line with the benchmark index over the review period, outperforming the average fund in the Investment Association UK Index Linked Gilt sector.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

The Fund aims to outperform by taking positions in a number of areas, principally the overall levels of yields, changes in inflation expectations, relative performance of long and short dated bonds, and looking for value in other markets relative to the UK. Volatility in government bond markets has been high over the past twelve months, and reflecting this volatility, the positions we have tended to take this year have been somewhat smaller to control overall Fund risk.

For the first half of the period, we were generally positioned for yields to rise, and this helped performance. This was a long-held stance for the Fund, as we had felt that bonds were vulnerable with yields at or near record lows. After around 18 months of central bank interest rate rises and bond yields increasing alongside this, we felt these were attractive and reversed our stance. This was generally negative in the final months of the period but we feel will be beneficial beyond that. We also had a bias towards longer dated bonds over short-dated equivalents, but this hurt performance as short-dated bonds outperformed.

Cross market exposure, where we will sell UK bonds in favour of overseas equivalents was generally helpful. Since the Brexit vote of 2016, we have generally felt that UK bonds looked poor value compared to other markets, and therefore often held positions in overseas markets. However, the crisis in government bonds markets following the short-lived Kwarteng mini-budget meant that the UK performed much worse than other markets. This meant that we had a core stance of being totally invested in UK bonds over the period, occasionally taking advantage of excessive market moves to add to favoured markets such as the US, Australia and France.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

For UK gilt markets, supply will be an issue for the market over the next few years, with current forecasts showing the government will need to issue around £200bn per annum for each of the next five years. Alongside quantitative tightening (where the Bank of England is selling its gilt holdings back into the market), this will represent a headwind for gilts and we see similar impacts affecting other government bond markets. Against this, yields have risen materially over the past few years, and we believe that these are now beginning to offer long-term value.

**Paul Rayner**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class A Income

Change in net assets per share	31/10/23 (p)	31/10/22** (p)	31/10/21 (p)
Opening net asset value per share	–	326.28	313.38
Return before operating charges*	–	(19.94)	14.06
Operating charges	–	(0.46)	(1.16)
Return after operating charges*	–	(20.40)	12.90
Distributions on income shares	–	–	–
Cancellation price		(305.88)	–
<b>Closing net asset value per share</b>	<b>–</b>	<b>–</b>	<b>326.28</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	–	(6.25)%	4.12%
<b>Other information</b>			
Closing net asset value (£'000)	–	–	3,700
Closing number of shares	–	–	1,133,849
Operating charges	–	–	0.36%*
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	–	341.70	335.90
Lowest share price	–	305.90	284.40

\*\* Class A Income merged into Class M Income on 21 March 2022.

\* The FMF was reduced from 0.47% to 0.36% on 6 November 2020.

### Class M Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	127.89	187.13	179.74
Return before operating charges*	(12.30)	(58.71)	8.03
Operating charges	(0.37)	(0.53)	(0.64)
Return after operating charges*	(12.67)	(59.24)	7.39
Distributions on accumulation shares	(3.58)	–	–
Retained distributions on accumulation shares	3.58	–	–
<b>Closing net asset value per share</b>	<b>115.22</b>	<b>127.89</b>	<b>187.13</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(9.91)%	(31.66)%	4.11%
<b>Other information</b>			
Closing net asset value (£'000)	68,509	81,526	106,958
Closing number of shares	59,460,987	63,748,985	57,156,410
Operating charges	0.30%	0.30%*	0.36%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	137.10	200.60	192.60
Lowest share price	112.10	104.50	163.10

\* The FMF was reduced from 0.36% to 0.30% on 23 March 2022.

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	223.50	327.04	314.12
Return before operating charges*	(21.52)	(102.59)	14.04
Operating charges	(0.65)	(0.95)	(1.12)
Return after operating charges*	(22.17)	(103.54)	12.92
Distributions on income shares	(5.97)	–	–
<b>Closing net asset value per share</b>	<b>195.36</b>	<b>223.50</b>	<b>327.04</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(9.92)%	(31.66)%	4.11%
<b>Other information</b>			
Closing net asset value (£'000)	71,953	87,725	170,186
Closing number of shares	36,831,452	39,250,015	52,038,465
Operating charges	0.30%	0.30%*	0.36%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	239.60	350.70	336.70
Lowest share price	194.30	182.50	285.10

\* The FMF was reduced from 0.36% to 0.30% on 23 March 2022.

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	87.38	127.56	122.18
Return before operating charges*	(8.41)	(40.09)	5.48
Operating charges	(0.07)	(0.09)	(0.10)
Return after operating charges*	(8.48)	(40.18)	5.38
Distributions on accumulation shares	(2.65)	–	–
Retained distributions on accumulation shares	2.65	–	–
<b>Closing net asset value per share</b>	<b>78.90</b>	<b>87.38</b>	<b>127.56</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(9.70)%	(31.50)%	4.40%
<b>Other information</b>			
Closing net asset value (£'000)	279,131	198,581	257,395
Closing number of shares	353,772,733	227,250,065	201,789,783
Operating charges	0.08%	0.08%	0.08%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	93.69	136.80	131.30
Lowest share price	76.78	71.36	111.00

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Government Bonds – 0.00% (31/10/22 – 2.67%)</b>			
<b>Government Index-Linked Bonds – 99.19% (31/10/22 – 96.80%)</b>			
AUD21,836,000	Government of Australia 0.25% IL 21/11/2032	10,825	2.58
€2,486,000	Government of France 0.1% IL 25/7/2047	2,018	0.48
£2,641,000	Network Rail 1.375% IL 22/11/2037	4,845	1.15
£1,350,271	UK Treasury 0.125% IL 22/3/2024	2,079	0.50
£11,538,247	UK Treasury 0.125% IL 22/3/2026	16,563	3.95
£7,482,907	UK Treasury 0.125% IL 10/8/2028	9,861	2.35
£25,224,488	UK Treasury 0.125% IL 22/3/2029	38,808	9.25
£3,396,140	UK Treasury 0.125% IL 22/11/2036	4,351	1.04
£10,871,000	UK Treasury 0.125% IL 22/3/2039	11,548	2.75
£455,613	UK Treasury 0.125% IL 10/8/2041	493	0.12
£43,045,476	UK Treasury 0.125% IL 22/3/2044	50,742	12.09
£10,988,000	UK Treasury 0.125% IL 22/3/2046	11,762	2.80
£17,516,892	UK Treasury 0.125% IL 10/8/2048	16,944	4.04
£11,606,430	UK Treasury 0.125% IL 22/3/2051	10,089	2.41
£3,934,000	UK Treasury 0.125% IL 22/11/2056	3,587	0.86
£10,974,500	UK Treasury 0.125% IL 22/3/2058	10,160	2.42
£7,932,000	UK Treasury 0.125% IL 22/11/2065	6,845	1.63
£11,762,536	UK Treasury 0.125% IL 22/3/2068	10,457	2.49
£848	UK Treasury 0.125% IL 22/3/2073	1	–
£3,416,000	UK Treasury 0.25% IL 22/3/2052	3,725	0.89
£9,031,021	UK Treasury 0.375% IL 22/3/2062	9,805	2.34
£6,683,206	UK Treasury 0.5% IL 22/3/2050	9,068	2.16
£8,020,530	UK Treasury 0.625% IL 22/3/2040	12,501	2.98
£5,497,000	UK Treasury 0.625% IL 22/11/2042	8,466	2.02
£6,132,000	UK Treasury 0.625% IL 22/3/2045	5,304	1.26
£37,487,000	UK Treasury 0.75% IL 22/11/2033	37,597	8.96
£4,294,585	UK Treasury 0.75% IL 22/3/2034	6,837	1.63
£737,346	UK Treasury 0.75% IL 22/11/2047	1,122	0.27
£7,089,000	UK Treasury 1.125% IL 22/11/2037	13,141	3.13
£12,022,359	UK Treasury 1.25% IL 22/11/2027	23,935	5.70
£347	UK Treasury 1.25% IL 22/11/2032	1	–
£7,417,725	UK Treasury 1.25% IL 22/11/2055	13,516	3.22
£8,490,000	UK Treasury 2% IL 26/1/2035	19,986	4.76
£3,699,690	UK Treasury 2.5% IL 17/7/2024	14,069	3.35
£3,717,000	UK Treasury 4.125% IL 22/7/2030	12,461	2.97
\$3,333,300	US Treasury 0.125% IL 15/2/2052	1,566	0.37
\$1,194,100	US Treasury 0.5% IL 15/1/2028	1,124	0.27
<b>Total Government Index-Linked Bonds</b>		<b>416,202</b>	<b>99.19</b>
<b>Forward Currency Contracts – (0.02)% (31/10/22 – 0.04%)</b>			
	Buy €2,636,000 & Sell £2,310,398†	(8)	–
	Buy £10,881,535 & Sell AUD20,757,000†	32	0.01
	Buy £4,423,129 & Sell €5,090,000†	(23)	(0.01)
	Buy £11,681,629 & Sell \$14,349,000†	(136)	(0.03)
	Buy \$11,135,000 & Sell £9,140,639†	30	0.01
		<b>(105)</b>	<b>(0.02)</b>
<b>Total value of investments*</b>		<b>416,097</b>	<b>99.17</b>
<b>Net other assets</b>		<b>3,496</b>	<b>0.83</b>
<b>Total net assets</b>		<b>419,593</b>	<b>100.00</b>

† Unlisted

\* Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.125% IL 22/3/2029	102,153
UK Treasury 0.125% IL 22/3/2024	98,224
UK Treasury 0.125% IL 22/3/2044	87,282
UK Treasury 1.25% IL 22/11/2027	74,082
UK Treasury 1.25% IL 22/11/2032	68,927
UK Treasury 0.125% IL 10/8/2031	58,604
UK Treasury 0.125% IL 22/3/2051	57,789
UK Treasury 0.125% IL 22/11/2036	55,987
UK Treasury 0.75% IL 22/3/2034	53,533
UK Treasury 0.75% IL 22/11/2033	52,633
<b>Subtotal</b>	<b>709,214</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,296,513</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.125% IL 22/3/2024	106,545
UK Treasury 0.125% IL 22/3/2029	91,413
UK Treasury 1.25% IL 22/11/2032	75,608
UK Treasury 0.125% IL 22/11/2036	73,553
UK Treasury 1.25% IL 22/11/2027	63,877
UK Treasury 0.75% IL 22/3/2034	61,678
UK Treasury 0.125% IL 10/8/2031	59,617
UK Treasury 0.125% IL 22/3/2051	56,744
UK Treasury 0.75% IL 22/11/2047	49,469
UK Treasury 0.125% IL 22/3/2044	45,092
<b>Subtotal</b>	<b>683,596</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>1,199,665</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(78,701)	(206,257)
Revenue	3	35,246	42,964
Expenses	4	(627)	(928)
Interest payable and similar charges		(2)	(3)
Net revenue before taxation		34,617	42,033
Taxation	5	–	–
Net revenue after taxation		34,617	42,033
Total deficit before distributions		(44,084)	(164,224)
Distributions	6	(11,966)	142
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(56,050)</b>	<b>(164,082)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		416,264	366,021
<b>Current assets:</b>			
Debtors	7	10,587	673
Cash and bank balances	8	64	3,351
Total assets		426,915	370,045
<b>Liabilities</b>			
Investment liabilities		167	–
<b>Creditors:</b>			
Other creditors	9	5,552	2,213
Distribution payable		1,603	–
Total liabilities		7,322	2,213
<b>Net assets attributable to shareholders</b>		<b>419,593</b>	<b>367,832</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>367,832</b>	<b>538,239</b>
Amounts receivable on creation of shares	168,282	93,282
Amounts payable on cancellation of shares	(71,903)	(99,710)
	96,379	(6,428)
Dilution adjustment charged	262	103
Change in net assets attributable to shareholders from investment activities	(56,050)	(164,082)
Retained distributions on accumulation shares	11,170	–
<b>Closing net assets attributable to shareholders</b>	<b>419,593</b>	<b>367,832</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(78,958)	(204,899)
Currency losses	(60)	(85)
Forward currency contracts	317	(1,273)
<b>Net capital losses</b>	<b>(78,701)</b>	<b>(206,257)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	35,140	42,919
Bank interest	92	27
Stock lending income	14	18
<b>Total revenue</b>	<b>35,246</b>	<b>42,964</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	627	928
<b>Total expenses</b>	<b>627</b>	<b>928</b>

\* Audit fee £22,650 (31/10/22: £19,714) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	34,617	42,033
Corporation tax at 20% (31/10/22: 20%)	6,923	8,407
<b>Effects of:</b>		
Current year expenses (utilised)/ unutilised	(1,887)	182
Current year non-trading deficit not utilised	-	4,243
Tax deductible interest distributions	(506)	-
Tax relief on index-linked gilts	(4,530)	(12,832)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £17,341,000 (31/10/22: £19,228,000) in relation to surplus management expenses £0 (31/10/22: £1,887,000) and non-trading deficits £17,341,000 (31/10/22: £17,341,000). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	2,995	–
Final	8,175	–
	11,170	–
<b>Income shares</b>		
Interim	444	–
Final	1,603	–
	2,047	–
<b>Net distributions for the year</b>	<b>13,217</b>	<b>–</b>
Add: Amounts deducted on cancellation of shares	596	336
Deduct: Amounts received on the creation of shares	(1,847)	(478)
<b>Gross interest distributions for the year</b>	<b>11,966</b>	<b>(142)</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	34,617	42,033
Income deficit transfer to capital	–	21,982
Indexation not distributed	(22,651)	(64,157)
<b>Gross interest distributions for the year</b>	<b>11,966</b>	<b>(142)</b>

Details of the distribution per share are set out on page 94.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	707	18
Sales awaiting settlement	9,033	–
Accrued revenue	847	655
<b>Total debtors</b>	<b>10,587</b>	<b>673</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	64	3,351
<b>Total cash and bank balances</b>	<b>64</b>	<b>3,351</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	358	2,159
Purchases awaiting settlement	5,120	–
Foreign exchange purchases awaiting settlement	20	–
Accrued expenses	54	54
<b>Total other creditors</b>	<b>5,552</b>	<b>2,213</b>

### 10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 01/11/22	63,748,985	39,250,015
Shares issued	11,001,729	13,284,599
Shares cancelled	(15,268,125)	(15,715,524)
Shares converted	(21,602)	12,362
<b>Closing shares at 31/10/23</b>	<b>59,460,987</b>	<b>36,831,452</b>

	Class R Accumulation
Opening shares at 01/11/22	227,250,065
Shares issued	147,124,482
Shares cancelled	(20,601,814)
Shares converted	–
<b>Closing shares at 31/10/23</b>	<b>353,772,733</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £295,000 (31/10/22: £2,195,000).

At the year end, 31 October 2023, 44.22% (31/10/22: 55.76%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £4,000 (Gross: £18,000) (31/10/22: £5,000 (Gross: £23,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £2,752,000 (31/10/22: £21,553,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	2,907	23,070

The aggregate value of collateral held at the balance sheet date was £2,907,000 (31/10/22: £23,070,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparty at the year end was HSBC Bank.

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on page 85, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	1	29
JP Morgan	–	37
Royal Bank of Canada	(99)	61

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 87. 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 proportion of the Fund's assets denominated in currencies other than sterling is considered insignificant, therefore, no currency sensitivity has been disclosed in these financial statements.

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £9,000 (31/10/22: £29,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £9,000 (31/10/22: £29,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £41,610,000 (31/10/22: £36,602,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £41,610,000 (31/10/22: £36,602,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	400,725	–	6,676	407,401
Australian dollar	10,826	–	38	10,864
Canadian dollar	6	–	–	6
Euro	2,019	–	2	2,021
US dollar	2,690	–	3,933	6,623
<b>Total</b>	<b>416,266</b>	<b>–</b>	<b>10,649</b>	<b>426,915</b>

<b>31 Oct 2022</b>				
Sterling	352,953	9,819	672	363,444
Australian dollar	2,112	–	27	2,139
Canadian dollar	6	–	–	6
Euro	3,005	–	42	3,047
US dollar	1,349	–	60	1,409
<b>Total</b>	<b>359,425</b>	<b>9,819</b>	<b>801</b>	<b>370,045</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	3,234	3,234
Australian dollar	–	2	2
Euro	–	25	25
US dollar	–	4,061	4,061
<b>Total</b>	<b>–</b>	<b>7,322</b>	<b>7,322</b>

<b>31 Oct 2022</b>			
Sterling	2,213	–	2,213
<b>Total</b>	<b>2,213</b>	<b>–</b>	<b>2,213</b>

Due to no Floating Rate Note stocks being held, there is no requirement to calculate interest sensitivity (31/10/22: same).

A change of 3% in the prevailing interest rates would result in a change of 0.45% (31/10/22: 0.49%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.15% (31/10/22: 0.16%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

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

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	416,202	99.19	365,894	99.47
<b>Total bonds</b>	<b>416,202</b>	<b>99.19</b>	<b>365,894</b>	<b>99.47</b>
Forward currency contracts – assets	62	0.02	127	0.04
<b>Investments as shown in the balance sheet</b>	<b>416,264</b>	<b>99.21</b>	<b>366,021</b>	<b>99.51</b>
Forward currency contracts – liabilities	(167)	(0.04)	–	–
<b>Total value of investments</b>	<b>416,097</b>	<b>99.17</b>	<b>366,021</b>	<b>99.51</b>

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

### 16. Portfolio transaction costs

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	1,296,513	1,779,880
Total sales	1,199,665	1,786,775

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.25% (31/10/22: 0.16%).

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

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	416,202	–	416,202
Derivatives	–	62	–	62
<b>Total</b>	<b>–</b>	<b>416,264</b>	<b>–</b>	<b>416,264</b>
<b>Investment liabilities</b>				
Derivatives	–	167	–	167
<b>Total</b>	<b>–</b>	<b>167</b>	<b>–</b>	<b>167</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	365,894	–	365,894
Derivatives	–	127	–	127
<b>Total</b>	<b>–</b>	<b>366,021</b>	<b>–</b>	<b>366,021</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £443,506,470. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 4.29%.

There have been no significant redemptions during this period.

## Distribution Table

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Accumulation</b>				
Group 1	0.9512	–	0.9512	–
Group 2	0.0000	0.9512	0.9512	–
<b>Class M Income</b>				
Group 1	1.6225	–	1.6225	–
Group 2	0.0000	1.6225	1.6225	–
<b>Class R Accumulation</b>				
Group 1	0.7839	–	0.7839	–
Group 2	0.0000	0.7839	0.7839	–

#### Final

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Accumulation</b>				
Group 1	2.6294	–	2.6294	–
Group 2	1.2728	1.3566	2.6294	–
<b>Class M Income</b>				
Group 1	4.3519	–	4.3519	–
Group 2	2.4463	1.9056	4.3519	–
<b>Class R Accumulation</b>				
Group 1	1.8688	–	1.8688	–
Group 2	1.2923	0.5765	1.8688	–

# Royal London UK Government Bond Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Government Bond Fund, Class M Accumulation	-5.06	-28.29	-16.58
Royal London UK Government Bond Fund, Class M Income	-5.09	-28.33	-16.63
Royal London UK Government Bond Fund, Class R Accumulation	-4.89	-27.72	-15.21
Royal London UK Government Bond Fund, Class S Accumulation	-4.88	-27.74	-
Royal London UK Government Bond Fund, Class X Income	-5.03	-28.08	-
Royal London UK Government Bond Fund, Class Z Income	-5.03	-28.17	-16.27
FTSE® Actuaries UK Conventional Gilts All Stocks Index	-5.76	-30.16	-19.31
IA UK Gilt TR	-6.18	-31.05	-19.51

Class S Accumulation launched on 16 April 2019 and Class X Income launched on 31 July 2019. Class A Income merged into Class M Income on 21 March 2022.

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

### Performance overview

During the period under review, the Fund has slightly outperformed its benchmark but is further ahead of its peer group. Over three-year and five-year periods, the Fund is ahead of both its benchmark and peers.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

During the twelve-month period, we have seen extreme volatility in government bond markets, with two key themes playing out: in particular, falling consumer inflation from very high summer peaks alongside slow economic growth; and central banks consistently raising rates, whilst suggesting rates will need to stay higher for longer.

During the early months of 2023 the Fund was positioned for higher yields relative to the benchmark. The Fund then reversed this, positioning for lower yields position during the summer of 2023 when the peak in UK base rates was being priced in excess of 6% – which we then traded tactically throughout the period.

We saw UK gilts as a strong outperformer versus their overseas counterparts. Towards the end of the third quarter of 2023, however, we picked up dollar market bonds, namely in the US and Australia – selling five and 30-year gilts into these markets as they offered additional yield, particularly in the US as yields are hitting multi-decade highs. At the end of the period we retained the position in Australia.

## Manager's Investment Report (continued)

### Investment outlook

We believe that whilst inflation will fall sharply in the last months of 2023 and into 2024, it is likely to remain well above target in most economies by the end of the year, and particularly so in the UK. Shallow recessions are possible but are unlikely to be deep enough at this stage to ease the excessive tightness seen in labour markets. As we approach 2024, central banks are at or close to peak rates, and markets are preparing themselves for cuts, starting in second half of 2024.

In the UK, the market is now assuming base rates have peaked at 5.25%, with the first cut priced in for H2 2024, and falling to a level of around 3.75% by late 2026. At one point in early July the market was pricing peak rates closer to 6.5%. Government bond markets have moved a long way during the last few months, particularly in the UK where five-year gilts have fallen significantly from their summer peak.

Supply will be an issue for the market over the next few years, with around £200bn per annum forecast over each of the next five years. Alongside quantitative tightening (where the Bank of England is selling its gilt holdings back into the market), this will represent a headwind for gilts. However, when considering gilts in a global context, we believe the gilt market is somewhat priced for this.

**Ben Nicholl**  
**Fund Managers**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class A Income

Change in net assets per share	31/10/23 (p)	31/10/22** (p)	31/10/21 (p)
Opening net asset value per share	–	89.84	95.03
Return before operating charges*	–	(5.56)	(3.65)
Operating charges	–	(0.22)	(0.58)
Return after operating charges*	–	(5.78)	(4.23)
Distributions on income shares	–	–	(0.96)
Cancellation price	–	(84.06)	–
<b>Closing net asset value per share</b>	<b>–</b>	<b>–</b>	<b>89.84</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	–	(6.43)%	(4.45)%
<b>Other information</b>			
Closing net asset value (£'000)	–	–	6,441
Closing number of shares	–	–	7,169,721
Operating charges	–	–	0.63%*
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	–	93.59	96.70
Lowest share price	–	83.74	86.95

\*\* Class A Income terminated on 21 March 2022.

\* The FMF was reduced from 0.85% to 0.63% on 6 November 2020.

### Class M Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.41	129.50	135.28
Return before operating charges*	(4.93)	(26.67)	(5.19)
Operating charges	(0.30)	(0.42)	(0.59)
Return after operating charges*	(5.23)	(27.09)	(5.78)
Distributions on accumulation shares	(3.69)	(1.61)	(1.37)
Retained distributions on accumulation shares	3.69	1.61	1.37
<b>Closing net asset value per share</b>	<b>97.18</b>	<b>102.41</b>	<b>129.50</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(5.11)%	(20.92)%	(4.27)%
<b>Other information</b>			
Closing net asset value (£'000)	152,315	155,377	213,380
Closing number of shares	156,741,574	151,721,668	164,776,208
Operating charges	0.30%	0.30%*	0.45%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.50	134.90	137.70
Lowest share price	95.50	92.06	124.70

\* The FMF was reduced from 0.45% to 0.30% on 21 March 2022.

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	84.22	108.10	114.13
Return before operating charges*	(4.01)	(22.19)	(4.38)
Operating charges	(0.25)	(0.35)	(0.50)
Return after operating charges*	(4.26)	(22.54)	(4.88)
Distributions on income shares	(3.02)	(1.34)	(1.15)
<b>Closing net asset value per share</b>	<b>76.94</b>	<b>84.22</b>	<b>108.10</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(5.06)%	(20.85)%	(4.28)%
<b>Other information</b>			
Closing net asset value (£'000)	22,146	15,699	21,668
Closing number of shares	28,782,426	18,639,712	20,043,887
Operating charges	0.30%	0.30%*	0.45%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	88.44	112.60	116.20
Lowest share price	77.81	76.38	104.60

\* The FMF was reduced from 0.45% to 0.30% on 21 March 2022.

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	90.29	113.86	118.51
Return before operating charges*	(4.35)	(23.48)	(4.55)
Operating charges	(0.08)	(0.09)	(0.10)
Return after operating charges*	(4.43)	(23.57)	(4.65)
Distributions on accumulation shares	(3.26)	(1.42)	(1.20)
Retained distributions on accumulation shares	3.26	1.42	1.20
<b>Closing net asset value per share</b>	<b>85.86</b>	<b>90.29</b>	<b>113.86</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(4.91)%	(20.70)%	(3.92)%
<b>Other information</b>			
Closing net asset value (£'000)	426,569	531,966	512,849
Closing number of shares	496,820,762	589,182,476	450,431,845
Operating charges	0.09%	0.09%	0.09%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	94.82	118.70	120.70
Lowest share price	84.37	81.15	109.60

## Comparative Tables (continued)

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	86.47	109.06	113.53
Return before operating charges*	(4.16)	(22.50)	(4.36)
Operating charges	(0.08)	(0.09)	(0.11)
Return after operating charges*	(4.24)	(22.59)	(4.47)
Distributions on accumulation shares	(3.12)	(1.36)	(1.15)
Retained distributions on accumulation shares	3.12	1.36	1.15
<b>Closing net asset value per share</b>	<b>82.23</b>	<b>86.47</b>	<b>109.06</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(4.90)%	(20.71)%	(3.94)%
<b>Other information</b>			
Closing net asset value (£'000)	4	4	6
Closing number of shares	5,000	5,000	5,000
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	90.82	113.70	115.60
Lowest share price	80.81	77.73	105.00

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21** (p)
Opening net asset value per share	–	–	110.32
Return before operating charges*	–	–	(5.30)
Operating charges	–	–	(0.10)
Return after operating charges*	–	–	(5.40)
Distributions on income shares	–	–	(0.62)
Cancellation price	–	–	(104.30)
<b>Closing net asset value per share</b>	<b>–</b>	<b>–</b>	<b>–</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	–	–	(4.89)%
<b>Other information</b>			
Closing net asset value (£'000)	–	–	–
Closing number of shares	–	–	–
Operating charges	–	–	–
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	–	–	112.30
Lowest share price	–	–	102.70

\*\* Class S Income terminated on 29 September 2021.

### Class X Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	78.34	100.44	105.84
Return before operating charges*	(3.73)	(20.62)	(4.07)
Operating charges	(0.19)	(0.23)	(0.26)
Return after operating charges*	(3.92)	(20.85)	(4.33)
Distributions on income shares	(2.81)	(1.25)	(1.07)
<b>Closing net asset value per share</b>	<b>71.61</b>	<b>78.34</b>	<b>100.44</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(5.00)%	(20.76)%	(4.09)%
<b>Other information</b>			
Closing net asset value (£'000)	27,858	29,563	46,663
Closing number of shares	38,904,094	37,736,224	46,457,586
Operating charges	0.25%	0.25%	0.25%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	82.27	104.70	107.70
Lowest share price	72.42	71.05	97.20

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	74.01	94.96	100.17
Return before operating charges*	(3.53)	(19.53)	(3.86)
Operating charges	(0.18)	(0.24)	(0.34)
Return after operating charges*	(3.71)	(19.77)	(4.20)
Distributions on income shares	(2.65)	(1.18)	(1.01)
<b>Closing net asset value per share</b>	<b>67.65</b>	<b>74.01</b>	<b>94.96</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(5.01)%	(20.82)%	(4.19)%
<b>Other information</b>			
Closing net asset value (£'000)	150,685	42,232	69,964
Closing number of shares	222,743,123	57,064,227	73,675,238
Operating charges	0.25%	0.25%*	0.35%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	77.72	98.92	102.00
Lowest share price	68.41	67.12	91.90

\* The FMF was reduced from 0.35% to 0.25% on 21 March 2022.

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Certificates of Deposit – 1.78% (31/10/22 – 2.30%)</b>			
£2,000,000	ABN AMRO Asset Management 0.00% 20/2/2024	1,967	0.25
£2,000,000	Barclays 4.69% 15/2/2024	1,996	0.26
£2,000,000	Barclays 4.72% 8/2/2024	1,996	0.26
£2,000,000	Cooperative Rabobank 4.62% 15/2/2024	1,994	0.25
£2,000,000	Credit Industrial et Commercial 4.72% 15/2/2024	1,994	0.25
£2,000,000	Natixis Securities 0% 14/2/2024	1,969	0.25
£2,000,000	Standard Chartered Bank 4.67% 16/2/2024	1,994	0.26
<b>Total Certificates of Deposit</b>		<b>13,910</b>	<b>1.78</b>
<b>Commercial Papers – 0.00% (31/10/22 – 0.26%)</b>			
<b>Corporate Bonds – 1.73% (31/10/22 – 2.60%)</b>			
£2,670,000	CPPIB Capital 0.875% 17/12/2024	2,536	0.32
£2,395,000	Lloyds Bank 5.125% 7/3/2025	2,382	0.30
£2,590,000	OP Corporate Bank 3.375% 14/1/2026	2,462	0.32
£5,788,000	PRS Finance 1.75% 24/11/2026	4,974	0.64
£2,600,000	University of Oxford 2.544% 8/12/2117	1,208	0.15
<b>Total Corporate Bonds</b>		<b>13,562</b>	<b>1.73</b>
<b>Government Bonds – 94.67% (31/10/22 – 93.17%)</b>			
AUD13,707,000	Government of Australia 1% 21/12/2030	5,538	0.71
AUD31,500,000	Government of Australia 4.75% 21/6/2054	15,066	1.93
£6,402,000	Jersey International Bond 2.875% 6/5/2052	3,905	0.50
£20,066,000	UK Treasury 0.125% 31/1/2028	16,823	2.16
£5,347,000	UK Treasury 0.25% 31/1/2025	5,056	0.65
£21,460,000	UK Treasury 0.25% 31/7/2031	15,661	2.01
£28,813,000	UK Treasury 0.375% 22/10/2026	25,580	3.28
£159,771,000	UK Treasury 0.5% 31/1/2029	130,864	16.79
£41,106,000	UK Treasury 0.625% 31/7/2035	26,252	3.37
£67	UK Treasury 0.875% 22/10/2029 <sup>†</sup>	–	–
£53,352,000	UK Treasury 0.875% 31/7/2033	38,136	4.89
£51,391,000	UK Treasury 0.875% 31/1/2046	23,299	2.99
£73,384,000	UK Treasury 1.125% 31/1/2039	44,126	5.66
£27,400,000	UK Treasury 1.25% 22/10/2041	15,529	1.99
£60,612,690	UK Treasury 1.25% 31/7/2051	27,022	3.47
£47,885,000	UK Treasury 1.5% 22/7/2047	24,859	3.19
£32,229,000	UK Treasury 1.5% 31/7/2053	15,049	1.93
£35,670,000	UK Treasury 1.625% 22/10/2054	17,088	2.19
£15,889,000	UK Treasury 1.625% 22/10/2071	6,697	0.86
£66,881,000	UK Treasury 1.75% 7/9/2037	46,515	5.97
£16,230,000	UK Treasury 1.75% 22/1/2049	8,774	1.13
£22,059,000	UK Treasury 1.75% 22/7/2057	10,748	1.38
£11,201,000	UK Treasury 2.5% 22/7/2065	6,572	0.84
£44,685,000	UK Treasury 3.5% 22/10/2025	43,621	5.60
£3,180,000	UK Treasury 3.75% 22/10/2053	2,575	0.33
£21,457,500	UK Treasury 4% 22/10/2063	18,181	2.33
£137,102,000	UK Treasury 4.125% 29/1/2027	135,265	17.35
£2,331,000	UK Treasury 4.5% 7/6/2028	2,335	0.30
\$9,868,300	US Treasury 1.625% 15/8/2029	6,818	0.87
<b>Total Government Bonds</b>		<b>737,954</b>	<b>94.67</b>

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Forward Currency Contracts – (0.02)% (31/10/22 – 0.07%)</b>			
	Buy AUD3,968,041 & Sell £2,076,758 <sup>†</sup>	(3)	–
	Buy €3,533,080 & Sell £3,095,129 <sup>†</sup>	(9)	–
	Buy £17,755,162 & Sell AUD33,905,300 <sup>†</sup>	32	–
	Buy £3,194,927 & Sell €3,686,000 <sup>†</sup>	(25)	–
	Buy £13,084,011 & Sell \$16,068,600 <sup>†</sup>	(150)	(0.02)
	Buy \$4,834,100 & Sell AUD7,641,359 <sup>†</sup>	(13)	–
	Buy \$2,922,097 & Sell £2,406,161 <sup>†</sup>	1	–
<b>Total Forward Currency Contracts</b>		<b>(167)</b>	<b>(0.02)</b>
<b>Total value of investments<sup>^</sup></b>		<b>765,259</b>	<b>98.16</b>
<b>Net other assets</b>		<b>14,318</b>	<b>1.84</b>
<b>Total net assets</b>		<b>779,577</b>	<b>100.00</b>

<sup>+</sup> Value less than £1,000

<sup>†</sup> Unlisted

<sup>^</sup> Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.5% 31/1/2029	196,516
UK Treasury 4.125% 29/1/2027	174,455
UK Treasury 1.25% 31/7/2051	99,986
UK Treasury 1.75% 7/9/2037	87,136
UK Treasury 1.125% 31/1/2039	74,224
UK Treasury 0.25% 31/7/2031	61,114
UK Treasury 3.5% 22/10/2025	56,096
UK Treasury 0.875% 31/7/2033	51,150
UK Treasury 1.5% 31/7/2053	47,303
UK Treasury 0.625% 31/7/2035	45,629
<b>Subtotal</b>	<b>893,609</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,637,745</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.25% 31/1/2025	120,589
UK Treasury 0.5% 31/1/2029	91,152
UK Treasury 1.25% 31/7/2051	86,500
UK Treasury 0.375% 22/10/2026	78,755
UK Treasury 1.75% 7/9/2037	73,471
UK Treasury 0.25% 31/7/2031	66,883
UK Treasury 0.125% 31/1/2024	66,064
UK Treasury 4.125% 29/1/2027	45,016
UK Treasury 1.5% 31/7/2053	44,009
UK Treasury 0.375% 22/10/2030	40,299
<b>Subtotal</b>	<b>712,738</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>1,568,905</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(76,828)	(199,756)
Revenue	3	30,360	11,512
Expenses	4	(1,363)	(1,436)
Interest payable and similar charges		(32)	(1)
Net revenue before taxation		28,965	10,075
Taxation	5	–	–
Net revenue after taxation		28,965	10,075
Total deficit before distributions		(47,863)	(189,681)
Distributions	6	(30,327)	(11,268)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(78,190)</b>	<b>(200,949)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		765,459	762,425
<b>Current assets:</b>			
Debtors	7	58,826	31,105
Cash and bank balances	8	9,700	6,248
Total assets		833,985	799,778
<b>Liabilities</b>			
Investment liabilities		200	–
<b>Creditors:</b>			
Bank overdraft		204	–
Other creditors	9	48,168	24,162
Distribution payable		5,836	775
Total liabilities		54,408	24,937
<b>Net assets attributable to shareholders</b>		<b>779,577</b>	<b>774,841</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>774,841</b>	<b>870,971</b>
Amounts receivable on creation of shares	458,229	576,870
Amounts payable on cancellation of shares	(398,971)	(482,071)
	59,258	94,799
Dilution adjustment charged	371	302
Change in net assets attributable to shareholders from investment activities	(78,190)	(200,949)
Retained distributions on accumulation shares	23,296	9,718
Unclaimed distributions	1	–
<b>Closing net assets attributable to shareholders</b>	<b>779,577</b>	<b>774,841</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(78,582)	(196,921)
Derivative securities	66	(27)
Currency (losses)/gains	(955)	1,194
Forward currency contracts	2,643	(4,002)
<b>Net capital losses</b>	<b>(76,828)</b>	<b>(199,756)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	29,903	11,297
Bank interest	274	24
Stock lending income	183	191
<b>Total revenue</b>	<b>30,360</b>	<b>11,512</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,363	1,436
<b>Total expenses</b>	<b>1,363</b>	<b>1,436</b>

\* Audit fee £22,650 (31/10/22: £21,571) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	28,965	10,075
Corporation tax at 20% (31/10/22: 20%)	5,793	2,015

Effects of:

Tax deductible interest distributions	(5,687)	(2,015)
Tax relief on index-linked gilts	(106)	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £1,225,000 (31/10/22: £1,225,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	6,938	3,686
Final	16,358	6,032
	23,296	9,718
<b>Income shares</b>		
Interim	1,834	708
Final	5,836	775
	7,670	1,483
<b>Net distributions for the year</b>	<b>30,966</b>	<b>11,201</b>
Add: Amounts deducted on cancellation of shares	2,233	1,925
Deduct: Amounts received on the creation of shares	(2,872)	(1,858)
<b>Gross interest distributions for the year</b>	<b>30,327</b>	<b>11,268</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	28,965	10,075
Movement in income carried forward	(1)	–
Expenses charged to capital	1,363	1,436
Amortisation on bonds transferred to capital – coupon distribution	–	(243)
<b>Gross interest distributions for the year</b>	<b>30,327</b>	<b>11,268</b>

Details of the distribution per share are set out on pages 109 and 110.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	53,144	232
Sales awaiting settlement	1,353	27,703
Foreign exchange sales awaiting settlement	3	3
Accrued revenue	4,326	3,167
<b>Total debtors</b>	<b>58,826</b>	<b>31,105</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	9,634	6,248
Amounts held at futures clearing houses and brokers	66	–
<b>Total cash and bank balances</b>	<b>9,700</b>	<b>6,248</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	730	18,210
Purchases awaiting settlement	47,332	5,847
Accrued expenses	106	105
<b>Total other creditors</b>	<b>48,168</b>	<b>24,162</b>

### 10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 01/11/22	151,721,668	18,639,712
Shares issued	85,992,664	12,860,278
Shares cancelled	(80,986,483)	(2,706,116)
Shares converted	13,725	(11,448)
<b>Closing shares at 31/10/23</b>	<b>156,741,574</b>	<b>28,782,426</b>

	Class R Accumulation	Class S Accumulation
Opening shares at 01/11/22	589,182,476	5,000
Shares issued	150,702,104	–
Shares cancelled	(243,063,818)	–
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>496,820,762</b>	<b>5,000</b>

	Class X Income	Class Z Income
Opening shares at 01/11/22	37,736,224	57,064,227
Shares issued	9,977,766	305,659,933
Shares cancelled	(8,826,189)	(139,957,839)
Shares converted	16,293	(23,198)
<b>Closing shares at 31/10/23</b>	<b>38,904,094</b>	<b>222,743,123</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due from/to Royal London Unit Trust Managers Limited in respect of these transactions was £52,309,000 (31/10/22: (£18,186,000)).

At the year end, 31 October 2023, 19.02% (31/10/22: 48.02%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £46,000 (Gross: £229,000) (31/10/22: £48,000 (Gross: £239,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £65,229,000 (31/10/22: £86,408,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	68,157	91,507

The aggregate value of collateral held at the balance sheet date was £68,157,000 (31/10/22: £91,507,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Banco Santander, Bank of Nova Scotia, BNP Paribas London, JP Morgan Securities, Merrill Lynch and Morgan Stanley & Co International.

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on page 99, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	33	–
JP Morgan	–	62
Royal Bank of Canada	4	513

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 101. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	779,947	774,946
Australian dollar	(270)	1
Canadian dollar	1	1
Euro	(67)	–
US dollar	(34)	(107)
<b>Total</b>	<b>779,577</b>	<b>774,841</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by (£37,000) (31/10/22: (£10,000)). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by (£37,000) (31/10/22: (£10,000)). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £76,526,000 (31/10/22: £76,243,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £76,526,000 (31/10/22: £76,243,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	9,632	738,004	58,429	806,065
Australian dollar	–	20,604	402	21,006
Canadian dollar	1	–	–	1
Euro	67	–	–	67
US dollar	–	6,818	28	6,846
<b>Total</b>	<b>9,700</b>	<b>765,426</b>	<b>58,859</b>	<b>833,985</b>

<b>31 Oct 2022</b>				
Sterling	2,196	716,170	39,131	757,497
Australian dollar	1	–	–	1
Canadian dollar	1	–	–	1
US dollar	4,050	35,844	2,385	42,279
<b>Total</b>	<b>6,248</b>	<b>752,014</b>	<b>41,516</b>	<b>799,778</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	(67)	(52,518)	(52,585)
Australian dollar	(103)	(1,511)	(1,614)
Euro	–	(25)	(25)
US dollar	(34)	(150)	(184)
<b>Total</b>	<b>(204)</b>	<b>(54,204)</b>	<b>(54,408)</b>

<b>31 Oct 2022</b>			
Sterling	–	19,089	19,089
US dollar	–	5,848	5,848
<b>Total</b>	<b>–</b>	<b>24,937</b>	<b>24,937</b>

Due to no Floating Rate Note stocks being held, there is no requirement to calculate interest sensitivity (31/10/22: same).

A change of 3% in the prevailing interest rates would result in a change of 0.27% (31/10/22: 0.28%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.09% (31/10/22: 0.09%) to the value of the Fund.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	751,516	96.40	742,072	95.77
<b>Total bonds</b>	<b>751,516</b>	<b>96.40</b>	<b>742,072</b>	<b>95.77</b>
Certificates of deposit	13,910	1.78	17,797	2.30
Commercial paper	–	–	1,981	0.26
Forward currency contracts – assets	33	–	575	0.07
<b>Investments as shown in the balance sheet</b>	<b>765,459</b>	<b>98.18</b>	<b>762,425</b>	<b>98.40</b>
Forward currency contracts – liabilities	(200)	(0.02)	–	–
<b>Total value of investments</b>	<b>765,259</b>	<b>98.16</b>	<b>762,425</b>	<b>98.40</b>

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Portfolio transaction costs

For the year ended 31 October 2023

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	1,623,923	–	–	–	–	–	–	1,623,923
Cash and deposit transaction	13,822	–	–	–	–	–	–	13,822
<b>Total</b>	<b>1,637,745</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>1,637,745</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	1,549,012	–	–	–	–	–	–	1,549,012
Cash and deposit transaction	19,893	–	–	–	–	–	–	19,893
<b>Total</b>	<b>1,568,905</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>1,568,905</b>

The Fund had paid £nil commission on purchases and sales derivative transactions for the year ended 31/10/23.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 October 2022

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	2,334,346	–	–	–	–	–	–	2,334,346
Cash and deposit transaction	19,763	–	–	–	–	–	–	19,763
<b>Total</b>	<b>2,354,109</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>2,354,109</b>

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	2,259,330	–	–	–	–	–	–	2,259,330
<b>Total</b>	<b>2,259,330</b>	<b>–</b>		<b>–</b>		<b>–</b>		<b>2,259,330</b>

The Fund had paid £1,000 as commission on purchases and sales derivative transactions for the year ended 31/10/22.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.06% (31/10/22: 0.10%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	751,516	–	751,516
Certificate of deposit	–	13,910	–	13,910
Derivatives	–	33	–	33
<b>Total</b>	<b>–</b>	<b>765,459</b>	<b>–</b>	<b>765,459</b>
<b>Investment liabilities</b>				
Derivatives	–	(200)	–	(200)
<b>Total</b>	<b>–</b>	<b>(200)</b>	<b>–</b>	<b>(200)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	742,072	–	742,072
Certificate of deposit	–	17,797	–	17,797
Commercial paper	–	1,981	–	1,981
Derivatives	–	575	–	575
<b>Total</b>	<b>–</b>	<b>762,425</b>	<b>–</b>	<b>762,425</b>

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £836,547,023. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 7.81%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Accumulation</b>				
Group 1	0.9463	–	0.9463	0.7154
Group 2	0.4068	0.5395	0.9463	0.7154
<b>Class M Income</b>				
Group 1	0.7782	–	0.7782	0.5972
Group 2	0.4163	0.3619	0.7782	0.5972
<b>Class R Accumulation</b>				
Group 1	0.8348	–	0.8348	0.6296
Group 2	0.3623	0.4725	0.8348	0.6296
<b>Class S Accumulation</b>				
Group 1	0.7994	–	0.7994	0.6030
Group 2	0.7994	0.0000	0.7994	0.6030
<b>Class X Income</b>				
Group 1	0.7240	–	0.7240	0.5552
Group 2	0.4051	0.3189	0.7240	0.5552
<b>Class Z Income</b>				
Group 1	0.6839	–	0.6839	0.5244
Group 2	0.2276	0.4563	0.6839	0.5244

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 31/12/22
<b>Class M Accumulation</b>				
Group 1	2.7464	–	2.7464	0.8991
Group 2	2.2517	0.4947	2.7464	0.8991
<b>Class M Income</b>				
Group 1	2.2377	–	2.2377	0.7460
Group 2	1.8404	0.3973	2.2377	0.7460
<b>Class R Accumulation</b>				
Group 1	2.4261	–	2.4261	0.7923
Group 2	2.0688	0.3573	2.4261	0.7923
<b>Class S Accumulation</b>				
Group 1	2.3224	–	2.3224	0.7588
Group 2	2.3224	0.0000	2.3224	0.7588
<b>Class X Income</b>				
Group 1	2.0824	–	2.0824	0.6938
Group 2	1.7686	0.3138	2.0824	0.6938
<b>Class Z Income</b>				
Group 1	1.9673	–	1.9673	0.6555
Group 2	1.3894	0.5779	1.9673	0.6555

# Royal London Short Term Fixed Income Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Short Term Fixed Income Fund, Class R Accumulation	5.01	5.55	7.84
Royal London Short Term Fixed Income Fund, Class S Accumulation	5.01	5.55	–
Royal London Short Term Fixed Income Fund, Class S Income	5.01	5.55	–
Royal London Short Term Fixed Income Fund, Class X Income	4.89	5.26	7.37
Royal London Short Term Fixed Income Fund, Class Y Accumulation	4.89	5.17	7.19
Royal London Short Term Fixed Income Fund, Class Y Income	4.89	5.17	7.19
Royal London Short Term Fixed Income Fund, Class Z Income	5.01	5.55	7.83
Sterling Overnight Index Average Rate (SONIA)	4.25	5.24	6.23
IA Unclassified TR	4.75	6.74	8.73

Class S Income launched on 9 April 2019, Class S Accumulation launched on 21 June 2019, Class M Income shares were converted into Class Y Income shares 2 November 2022. The performance history of Class Y Income shares has been adopted. Class X Accumulation launched 31 March 2023 therefore no performance history is disclosed.

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

### Performance overview

The Fund performed well over the period, beating its benchmark index and performance target.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England (BoE) to raise rates numerous times.

The backdrop of rising interest rates and inflation meant that money market rates have also increased, with the sterling overnight index average or SONIA (which reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions) rose from 2.18% at the end of October 2022 to 5.18% by August 2023 and then remained at this level until the end of October 2023. Over the same period, two-year gilt yields, which are often seen as a proxy for future interest rate expectations, rose from 3.02% to a high of 5.38%, before settling back to end the period at 4.79% as the market started to price in rate cuts by the Bank of England.

### Portfolio commentary

The period was dominated by interest rates rises and then speculation around when these might start to fall. However, there was also uncertainty about the strength of the financial system early in 2023 with the collapse of Silicon Valley Bank (SVB) and Credit Suisse. Although this was relatively short-lived, it did cause market volatility. We have an established, proven process for assessing the strength of the banks we invest in, and this again proved successful – we had no exposure to either bank. During this period, the uncertainty in the financial system led to outflows from the Fund in March. The Fund places an emphasis on high quality exposure in money market instruments, meaning we were able to meet investors' increased need for cash without having to be a 'forced seller' or focus our sales on one particular part of the market and hence changing the shape of the portfolios and thus disadvantaging other investors.

Although interest rates have moved significantly, we made no major change to our process or positioning over the period. The gradual increase in rates was in line with our expectations, and we were cautiously positioned to benefit from this, primarily by focusing on short-dated, high quality certificates of deposit, UK government treasury bills and overnight deposits. We also added selectively to floating rate certificates of deposit – the rate these pay goes up as wider interest rates increase and this provides some protection against further increases.

## Manager's Investment Report (continued)

### Portfolio commentary – continued

Covered bonds remain roughly half of the overall portfolio. These are floating rate bonds with the bond payments secured on high quality mortgages. Covered bonds are regulated by the Bank of England. During the year, we have tended to add small amounts of these bonds, issued by the likes of Nationwide and Santander, with these paying an attractive premium to SONIA. These also added to performance over the year.

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

Market attention has turned from predicting where the peak of UK interest rates would be, to when the Bank of England will start to cut these once more. At the time of writing, most market forecasts through the UK rates were either at the peak for now, or that one more rate increase may be needed. The path and timing of rate cuts will depend on how fast inflation comes down and whether the economy starts to show signs of slowing.

**Tony Cole & Craig Inches**

**Fund Managers**

**Royal London Asset Management Limited**

**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Income

Change in net assets per share	31/10/23** (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	101.32	102.08	102.16
Return before operating charges*	0.06	0.35	0.25
Operating charges	–	(0.26)	(0.26)
Return after operating charges*	0.06	0.09	(0.01)
Distributions on income shares	–	(0.85)	(0.07)
Cancellation price	(101.38)	–	–
<b>Closing net asset value per share</b>	<b>–</b>	<b>101.32</b>	<b>102.08</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	0.06%	0.09%	(0.01%)
<b>Other information</b>			
Closing net asset value (£'000)	–	24,723	33,012
Closing number of shares	–	24,400,759	32,338,802
Operating charges	–	0.25%	0.25%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	101.38	102.20	102.30
Lowest share price	101.38	101.55	102.11

\*\* Class M Income merged into Class Y Income on 1 November 2022.

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.78	102.47	102.26
Return before operating charges*	5.19	0.34	0.24
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	5.16	0.31	0.21
Distributions on accumulation shares	(4.73)	(1.08)	(0.29)
Retained distributions on accumulation shares	4.73	1.08	0.29
<b>Closing net asset value per share</b>	<b>107.94</b>	<b>102.78</b>	<b>102.47</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.02%	0.30%	0.21%
<b>Other information</b>			
Closing net asset value (£'000)	2,601,064	4,087,179	4,576,024
Closing number of shares	2,409,722,180	3,976,479,397	4,465,808,123
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.98	102.82	102.58
Lowest share price	102.83	102.27	102.31

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	101.94	101.62	101.41
Return before operating charges*	5.14	0.35	0.24
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	5.11	0.32	0.21
Distributions on accumulation shares	(4.69)	(1.07)	(0.29)
Retained distributions on accumulation shares	4.69	1.07	0.29
<b>Closing net asset value per share</b>	<b>107.05</b>	<b>101.94</b>	<b>101.62</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.01%	0.31%	0.21%
<b>Other information</b>			
Closing net asset value (£'000)	159,678	88,634	497,360
Closing number of shares	149,162,407	86,950,845	489,417,802
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.09	101.98	101.73
Lowest share price	101.98	101.42	101.47

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	99.54	100.29	100.37
Return before operating charges*	4.96	0.33	0.24
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	4.93	0.30	0.21
Distributions on income shares	(4.51)	(1.05)	(0.29)
<b>Closing net asset value per share</b>	<b>99.96</b>	<b>99.54</b>	<b>100.29</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.95%	0.30%	0.21%
<b>Other information</b>			
Closing net asset value (£'000)	51,767	46,941	47,306
Closing number of shares	51,789,519	47,157,144	47,169,733
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	101.68	100.43	100.56
Lowest share price	99.58	99.79	100.37

## Comparative Tables (continued)

### Class X Accumulation

Change in net assets per share	31/10/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	3.10
Operating charges	(0.06)
Return after operating charges*	3.04
Distributions on accumulation shares	(3.14)
Retained distributions on accumulation shares	3.14
<b>Closing net asset value per share</b>	<b>103.04</b>
* after direct transaction costs of:	–
<b>Performance</b>	
Return after charges	3.04%
<b>Other information</b>	
Closing net asset value (£'000)	111,325
Closing number of shares	108,042,168
Operating charges	0.11%
Direct transaction costs	–
<b>Prices<sup>^</sup></b>	
Highest share price	103.08
Lowest share price	100.00

\*\* Class X Accumulation launched on 31 March 2023.

### Class X Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	99.53	100.27	100.35
Return before operating charges*	4.91	0.34	0.24
Operating charges	(0.11)	(0.11)	(0.11)
Return after operating charges*	4.80	0.23	0.13
Distributions on income shares	(4.43)	(0.97)	(0.21)
<b>Closing net asset value per share</b>	<b>99.90</b>	<b>99.53</b>	<b>100.27</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.82%	0.23%	0.13%
<b>Other information</b>			
Closing net asset value (£'000)	91,948	84,066	74,855
Closing number of shares	92,036,621	84,466,293	74,651,323
Operating charges	0.11%	0.11%	0.11%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	101.61	100.40	100.52
Lowest share price	99.57	99.77	100.34

### Class Y Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	104.76	104.56	104.47
Return before operating charges*	5.28	0.36	0.25
Operating charges	(0.16)	(0.16)	(0.16)
Return after operating charges*	5.12	0.20	0.09
Distributions on accumulation shares	(4.69)	(0.98)	(0.17)
Retained distributions on accumulation shares	4.69	0.98	0.17
<b>Closing net asset value per share</b>	<b>109.88</b>	<b>104.76</b>	<b>104.56</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.89%	0.19%	0.09%
<b>Other information</b>			
Closing net asset value (£'000)	560,749	693,117	1,058,933
Closing number of shares	510,313,445	661,627,135	1,012,720,788
Operating charges	0.15%	0.15%	0.15%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	109.92	104.80	104.69
Lowest share price	104.80	104.31	104.53

### Class Y Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	99.62	100.37	100.45
Return before operating charges*	4.96	0.34	0.24
Operating charges	(0.15)	(0.15)	(0.15)
Return after operating charges*	4.81	0.19	0.09
Distributions on income shares	(4.39)	(0.94)	(0.17)
<b>Closing net asset value per share</b>	<b>100.04</b>	<b>99.62</b>	<b>100.37</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.83%	0.19%	0.09%
<b>Other information</b>			
Closing net asset value (£'000)	487,995	371,236	458,433
Closing number of shares	487,814,458	372,642,584	456,744,322
Operating charges	0.15%	0.15%	0.15%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	101.73	100.49	100.61
Lowest share price	99.66	99.86	100.43

## Comparative Tables (continued)

### Class Z Accumulation

Change in net assets per share	31/10/23** (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	108.72	108.39	108.17
Return before operating charges*	2.50	0.36	0.25
Operating charges	(0.02)	(0.03)	(0.03)
Return after operating charges*	2.48	0.33	0.22
Distributions on accumulation shares	(1.84)	(1.14)	(0.31)
Retained distributions on accumulation shares	1.84	1.14	0.31
Cancellation price	(111.20)	–	–
<b>Closing net asset value per share</b>	<b>–</b>	<b>108.72</b>	<b>108.39</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	2.28%	0.30%	0.20%
<b>Other information</b>			
Closing net asset value (£'000)	–	88	19,619
Closing number of shares	–	80,845	18,100,443
Operating charges	–	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices*</b>			
Highest share price	111.20	108.76	108.51
Lowest share price	108.77	108.18	105.22

\*\* Class Z Accumulation closed on 2 May 2023.

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	100.26	101.01	101.09
Return before operating charges*	4.99	0.34	0.24
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	4.96	0.31	0.21
Distributions on income shares	(4.54)	(1.06)	(0.29)
<b>Closing net asset value per share</b>	<b>100.68</b>	<b>100.26</b>	<b>101.01</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	4.95%	0.31%	0.21%
<b>Other information</b>			
Closing net asset value (£'000)	2,997	2,985	3,007
Closing number of shares	2,976,891	2,976,891	2,976,891
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices*</b>			
Highest share price	102.42	101.15	101.29
Lowest share price	100.30	100.51	101.10

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Certificates of Deposit – 43.87% (31/10/22 – 35.93%)</b>			
£23,000,000	ABN AMRO Bank 0% 20/2/2024	22,616	0.56
£50,000,000	Barclays 4.72% 8/2/2024	49,904	1.23
£33,333,333	Barclays 4.74% 9/2/2024	33,270	0.82
£50,000,000	Barclays 6.36% 19/8/2024	50,266	1.24
£50,000,000	Commonwealth Bank of Australia 4.82% 10/1/2024	49,939	1.23
£50,000,000	Commonwealth Bank of Australia 5.70% 30/4/2024	50,009	1.23
£75,000,000	Cooperative Rabobank 4.83% 1/11/2023	74,999	1.84
£20,000,000	Cooperative Rabobank 6.03% 23/9/2024	20,053	0.49
£30,000,000	Crédit Industriel et Commercial 0% 1/11/2023	29,996	0.74
£50,000,000	Crédit Industriel et Commercial 0% 20/2/2024	49,171	1.21
£60,000,000	Credit Industriel et Commercial 0% 2/5/2024	58,344	1.43
£50,000,000	DNB Bank 4.78% 22/11/2023	49,982	1.23
£75,000,000	DNB Bank 6.16% 8/8/2024	75,183	1.85
£10,000,000	Goldman Sachs 0% 19/9/2024	9,515	0.23
£25,000,000	HSBC Bank SONIA 10/5/2024	25,031	0.62
£40,000,000	HSBC Bank SONIA 13/5/2024	40,049	0.98
£50,000,000	ING Bank 0% 13/2/2024	49,218	1.21
£75,000,000	ING Bank 0% 3/5/2024	72,928	1.79
£20,000,000	Lloyds Bank 6.34% 19/8/2024	20,083	0.49
£100,000,000	Lloyds Bank Corporate Markets SONIA 14/8/2024	100,095	2.46
£32,500,000	Macquarie Bank 0% 1/8/2024	31,164	0.77
£40,000,000	Macquarie Bank 0% 1/10/2024	37,998	0.93
£63,000,000	National Bank of Abu Dhabi 4.58% 9/11/2023	62,987	1.55
£50,000,000	National Westminster Bank 4.85% 16/1/2024	49,915	1.23
£15,000,000	National Westminster Bank 5.85% 27/9/2024	15,007	0.37
£50,000,000	Natixis Securities 4.72% 22/2/2024	49,853	1.22
£100,000,000	Natixis Securities 5.32% 17/5/2024	99,753	2.45
£50,000,000	Nordea Bank 4.71% 22/11/2023	49,980	1.23
£40,000,000	Nordea Bank 4.83% 22/1/2024	39,933	0.98
£50,000,000	Nordea Bank 6.16% 8/8/2024	50,171	1.23
£10,000,000	Skandinaviska Enskilda Banken 6.17% 24/6/2024	10,023	0.25
£70,000,000	Skandinaviska Enskilda Banken 6.28% 2/8/2024	70,243	1.73
£40,000,000	Societe General 6.25% 9/9/2024	40,137	0.99
£50,000,000	Swedbank 0% 1/8/2024	47,954	1.18
£40,000,000	Toronto Dominion Bank 0% 2/5/2024	38,906	0.96
£100,000,000	Toronto Dominion Bank 5.14% 15/4/2024	99,745	2.45
£50,000,000	UBS 4.83% 22/11/2023	49,979	1.23
£10,000,000	UBS 4.86% 7/12/2023	9,993	0.24
<b>Total Certificates of Deposit</b>		<b>1,784,392</b>	<b>43.87</b>
<b>Commercial Papers – 1.42% (31/10/22 – 4.99%)</b>			
£10,000,000	ANZ 0% 10/10/2024	9,482	0.23
£50,000,000	Skandinaviska Enskilda Banken 0% 7/6/2024	48,347	1.19
<b>Total Commercial Papers</b>		<b>57,829</b>	<b>1.42</b>
<b>Corporate Bonds – 54.39% (31/10/22 – 55.09%)</b>			
£112,800,000	Aareal Bank FRN 29/4/2025	113,488	2.79
£75,000,000	Bank of Montreal FRN 9/6/2025	75,531	1.86
£95,000,000	Bank of Montreal FRN 15/9/2026	95,998	2.36
£47,500,000	Bank of Nova Scotia FRN 9/11/2024	47,717	1.17
£38,116,000	Bank of Nova Scotia FRN 14/3/2025	38,371	0.94
£103,917,000	Bank of Nova Scotia FRN 22/6/2026	104,960	2.58
£5,000,000	Banque Fédérative du Crédit Mutuel FRN 26/1/2025	4,977	0.12
£70,000,000	Canadian Imperial Bank of Commerce FRN 9/6/2025	70,495	1.73
£14,000,000	Canadian Imperial Bank of Commerce FRN 30/6/2025	14,005	0.34
£115,323,000	Canadian Imperial Bank of Commerce FRN 23/6/2026	116,457	2.86
£35,070,000	Clydesdale Bank FRN 22/3/2026	35,170	0.86

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£55,138,000	Commonwealth Bank of Australia FRN 16/1/2025	55,184	1.36
£61,500,000	CPPIB Capital FRN 15/6/2026	62,862	1.55
£115,485,000	DBS Bank FRN 17/11/2025	116,543	2.87
£132,700,000	Deutsche Pfandbriefbank FRN 26/4/2024	132,931	3.27
£7,000,000	DNB Bank 1.625% 15/12/2023	6,962	0.17
£31,500,000	Federation des Caisses Desjardins FRN 30/11/2026	31,483	0.77
£69,750,000	Leeds Building Society FRN 15/9/2026	69,911	1.72
£48,000,000	Lloyds Bank FRN 6/11/2026	47,984	1.18
£56,148,000	National Australia Bank FRN 4/2/2025	56,155	1.38
£81,967,000	National Australia Bank FRN 17/6/2026	81,983	2.02
£104,270,000	National Bank of Canada FRN 5/5/2026	105,185	2.59
£33,129,000	Nationwide Building Society FRN 20/4/2026	33,234	0.82
£12,500,000	OP Corporate Bank FRN 18/11/2025	12,512	0.31
£110,000,000	Royal Bank of Canada FRN 13/7/2026	111,145	2.73
£30,000,000	Royal Bank of Canada FRN 18/3/2027	29,991	0.74
£50,000,000	Royal Bank of Canada FRN 18/1/2028	50,105	1.23
£80,000,000	Santander UK FRN 12/3/2026	79,998	1.97
£17,187,000	Skipton Building Society FRN 22/10/2028	17,183	0.42
£49,054,000	Toronto Dominion Bank FRN 22/4/2025	49,023	1.21
£138,329,000	TSB Bank FRN 14/2/2027	138,469	3.40
£20,634,000	UK Municipal Bonds Agency Finance FRN 12/3/2025	20,641	0.51
£161,669,000	United Overseas Bank FRN 21/9/2026	163,001	4.01
£22,300,000	Westpac Banking Corporation FRN 16/3/2026	22,516	0.55
<b>Total Corporate Bonds</b>		<b>2,212,170</b>	<b>54.39</b>
<b>Government Bonds – 0.80% (31/10/22 – 0.42%)</b>			
£8,000,000	UK Treasury 0% 6/11/2023	7,994	0.20
£5,000,000	UK Treasury 0% 20/11/2023	4,986	0.12
£20,000,000	UK Treasury 0% 15/4/2024	19,519	0.48
<b>Total Government Bonds</b>		<b>32,499</b>	<b>0.80</b>
<b>Total value of investments</b>		<b>4,086,890</b>	<b>100.48</b>
<b>Net other liabilities</b>		<b>(19,367)</b>	<b>(0.48)</b>
<b>Total net assets</b>		<b>4,067,523</b>	<b>100.00</b>

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
Nordea Bank 3.94% 15/3/2023	175,000
TSB Bank FRN 14/2/2027	165,229
Barclays 4.18% 20/4/2023	150,000
Nationwide Building Society 4.17% 27/4/2023	150,000
Lloyds Bank 0% 17/7/2023	146,833
Santander UK 4.18% 5/4/2023	125,000
Santander UK 4.18% 12/4/2023	125,000
Santander UK 4.18 27/4/2023	125,000
BNP Paribas 4.42% 4/8/2023	100,000
Toronto Dominion Bank 5.14% 15/4/2024	100,000
<b>Subtotal</b>	<b>1,362,062</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>4,365,879</b>

### Significant Sales

	Proceeds £'000
Nordea Bank 3.94% 15/3/2023	175,000
Barclays 4.18% 20/4/2023	150,000
Nationwide Building Society 4.17% 27/4/2023	150,000
Lloyds Bank 0% 17/7/2023	149,518
Santander UK 4.18% 5/4/2023	125,000
Santander UK 4.18% 12/4/2023	125,000
Santander UK 4.18 27/4/2023	125,000
TSB Bank FRN 15/2/2024	116,472
Macquarie Bank 0% 30/5/2023	115,000
DZ Bank 2.10% 28/4/2023	114,784
<b>Subtotal</b>	<b>1,345,774</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>5,529,714</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	22,465	(49,545)
Revenue	3	202,258	69,869
Expenses	4	(2,849)	(3,782)
Interest payable and similar charges		(18)	(18)
Net revenue before taxation		199,391	66,069
Taxation	5	–	–
Net revenue after taxation		199,391	66,069
Total return before distributions		221,856	16,524
Distributions	6	(199,394)	(66,070)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>22,462</b>	<b>(49,546)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		4,086,890	5,206,153
<b>Current assets:</b>			
Debtors	7	48,180	50,147
Cash and bank balances	8	2,018	148,077
Total assets		4,137,088	5,404,377
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	9	59,005	3,133
Distribution payable		10,560	2,275
Total liabilities		69,565	5,408
<b>Net assets attributable to shareholders</b>		<b>4,067,523</b>	<b>5,398,969</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>5,398,969</b>	<b>6,768,549</b>
Amounts receivable on creation of shares	1,176,363	1,095,731
Amounts payable on cancellation of shares	(2,693,604)	(2,474,139)
	(1,517,241)	(1,378,408)
Dilution adjustment charged	852	412
Change in net assets attributable to shareholders from investment activities	22,462	(49,546)
Retained distributions on accumulation shares	162,481	57,962
<b>Closing net assets attributable to shareholders</b>	<b>4,067,523</b>	<b>5,398,969</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	22,465	(49,545)
<b>Net capital gains/(losses)</b>	<b>22,465</b>	<b>(49,545)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	199,121	68,952
Bank interest	74	12
Deposit interest	3,023	829
Stock lending income	40	76
<b>Total revenue</b>	<b>202,258</b>	<b>69,869</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	2,849	3,782
<b>Total expenses</b>	<b>2,849</b>	<b>3,782</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	-	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	199,391	66,069
Corporation tax at 20% (31/10/22: 20%)	39,878	13,214

Effects of:

Tax deductible interest distributions	(39,878)	(13,214)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	34,174	5,251
Second Interim	32,580	10,866
Third Interim	38,862	19,932
Final	56,865	21,913
	162,481	57,962
<b>Income shares</b>		
First Interim	3,833	377
Second Interim	5,843	870
Third Interim	7,827	1,838
Final	10,560	2,275
	28,063	5,360
<b>Net distributions for the year</b>	<b>190,544</b>	<b>63,322</b>
Add: Amounts deducted on cancellation of shares	15,292	4,034
Deduct: Amounts received on the creation of shares	(6,442)	(1,286)
<b>Gross interest distributions for the year</b>	<b>199,394</b>	<b>66,070</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	199,391	66,069
Movement in income carried forward	3	1
<b>Gross interest distributions for the year</b>	<b>199,394</b>	<b>66,070</b>

Details of the distribution per share are set out on pages 124 to 127.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	–	25,903
Accrued revenue	48,180	24,244
<b>Total debtors</b>	<b>48,180</b>	<b>50,147</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	2,018	148,077
<b>Total cash and bank balances</b>	<b>2,018</b>	<b>148,077</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	10,776	2,877
Purchases awaiting settlement	48,000	–
Accrued expenses	229	256
<b>Total other creditors</b>	<b>59,005</b>	<b>3,133</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 10. Reconciliation of number of shares

	Class M Income	Class R Accumulation
Opening shares at 01/11/22	24,400,759	3,976,479,397
Shares issued	–	186,569,904
Shares cancelled	(39,930)	(1,753,327,121)
Shares converted	(24,360,829)	–
<b>Closing shares at 31/10/23</b>	<b>–</b>	<b>2,409,722,180</b>

	Class S Accumulation	Class S Income
Opening shares at 01/11/22	86,950,845	47,157,144
Shares issued	62,211,562	19,763,137
Shares cancelled	–	(15,130,762)
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>149,162,407</b>	<b>51,789,519</b>

	Class X Accumulation	Class X Income
Opening shares at 01/11/22	–	84,466,293
Shares issued	127,094,850	202,040,679
Shares cancelled	(19,052,682)	(194,435,602)
Shares converted	–	(34,749)
<b>Closing shares at 31/10/23</b>	<b>108,042,168</b>	<b>92,036,621</b>

	Class Y Accumulation	Class Y Income
Opening shares at 01/11/22	661,627,135	372,642,584
Shares issued	222,531,697	330,041,483
Shares cancelled	(373,845,387)	(239,680,481)
Shares converted	–	24,810,872
<b>Closing shares at 31/10/23</b>	<b>510,313,445</b>	<b>487,814,458</b>

	Class Z Accumulation	Class Z Income
Opening shares at 01/11/22	80,845	2,976,891
Shares issued	–	–
Shares cancelled	(80,844)	–
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>1</b>	<b>2,976,891</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £11,005,000 (31/10/22: £22,770,000).

At the year end, 31 October 2023, 56.87% (31/10/22: 74.37%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £10,000 (Gross: £50,000) (31/10/22: £19,000 (Gross: £95,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £5,013,000 (31/10/22: £74,470,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	4,065	80,462
Cash	1,317	–

The aggregate value of collateral held at the balance sheet date was £5,382,000 (31/10/22: £80,462,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Barclays Bank, HSBC Bank, JP Morgan Securities and Royal Bank of Canada.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 14. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 118. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

As all of the assets of the Fund are sterling denominated, there is no exposure to foreign currency.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £408,689,000 (31/10/22: £520,615,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £408,689,000 (31/10/22: £520,615,000). These calculations assume all other variables remain constant.

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	2,207,225	1,791,354	138,509	4,137,088
<b>Total</b>	<b>2,207,225</b>	<b>1,791,354</b>	<b>138,509</b>	<b>4,137,088</b>

<b>31 Oct 2022</b>				
Sterling	3,104,969	1,694,364	605,044	5,404,377
<b>Total</b>	<b>3,104,969</b>	<b>1,694,364</b>	<b>605,044</b>	<b>5,404,377</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	69,565	69,565
<b>Total</b>	<b>–</b>	<b>69,565</b>	<b>69,565</b>

<b>31 Oct 2022</b>			
Sterling	–	5,408	5,408
<b>Total</b>	<b>–</b>	<b>5,408</b>	<b>5,408</b>

Based on 2023 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £65,778,000 (31/10/22: £89,723,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £21,926,000 (31/10/22: £29,408,000).

A change of 3% in the prevailing interest rates would result in a change of 0.00% (31/10/22: nil) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.00% (31/10/22: nil) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	30 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	2,196,685	54.01	2,996,711	55.51
Unrated bonds	47,984	1.18	–	–
<b>Total bonds</b>	<b>2,244,669</b>	<b>55.19</b>	<b>2,996,711</b>	<b>55.51</b>
Certificates of deposit	1,784,392	43.87	1,940,027	35.93
Commercial paper	57,829	1.42	269,415	4.99
<b>Investments as shown in the balance sheet</b>	<b>4,086,890</b>	<b>100.48</b>	<b>5,206,153</b>	<b>96.43</b>

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

### 15. Portfolio transaction costs

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	4,365,879	4,062,699
Total sales	5,529,714	5,535,510

At the balance sheet date the portfolio dealing spread was 0.07% (31/10/22: 0.10%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	2,244,669	–	2,244,669
Certificates of deposit	–	1,784,392	–	1,784,392
Commercial paper	–	57,829	–	57,829
<b>Total</b>	<b>–</b>	<b>4,086,890</b>	<b>–</b>	<b>4,086,890</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	2,996,711	–	2,996,711
Certificates of deposit	–	1,940,027	–	1,940,027
Commercial paper	–	269,415	–	269,415
<b>Total</b>	<b>–</b>	<b>5,206,153</b>	<b>–</b>	<b>5,206,153</b>

### 17. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £4,122,003,439. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 0.79%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class M Income*</b>				
Group 1	–	–	–	0.0335
Group 2	–	–	–	0.0335
<b>Class R Accumulation</b>				
Group 1	0.7703	–	0.7703	0.0905
Group 2	0.4215	0.3488	0.7703	0.0905
<b>Class S Accumulation</b>				
Group 1	0.7640	–	0.7640	0.0898
Group 2	0.1851	0.5789	0.7640	0.0898
<b>Class S Income</b>				
Group 1	0.7460	–	0.7460	0.0886
Group 2	0.7460	0.0000	0.7460	0.0886
<b>Class X Income</b>				
Group 1	0.7256	–	0.7256	0.0682
Group 2	0.4460	0.2796	0.7256	0.0682
<b>Class Y Accumulation</b>				
Group 1	0.7531	–	0.7531	0.0607
Group 2	0.4289	0.3242	0.7531	0.0607
<b>Class Y Income</b>				
Group 1	0.7162	–	0.7162	0.0582
Group 2	0.4294	0.2868	0.7162	0.0582
<b>Class Z Accumulation</b>				
Group 1	0.8150	–	0.8150	0.0957
Group 2	0.8150	0.0000	0.8150	0.0957
<b>Class Z Income</b>				
Group 1	0.7514	–	0.7514	0.0892
Group 2	0.7514	0.0000	0.7514	0.0892

\* Class M Income merged into Class Y Income on 1 November 2022.

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Second Interim**

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Income*</b>				
Group 1	–	–	–	0.1220
Group 2	–	–	–	0.1220
<b>Class R Accumulation</b>				
Group 1	0.9718	–	0.9718	0.1775
Group 2	0.2904	0.6814	0.9718	0.1775
<b>Class S Accumulation</b>				
Group 1	0.9638	–	0.9638	0.1760
Group 2	0.9638	0.0000	0.9638	0.1760
<b>Class S Income</b>				
Group 1	0.9342	–	0.9342	0.1735
Group 2	0.9342	0.0000	0.9342	0.1735
<b>Class X Accumulation**</b>				
Group 1	0.3253	–	0.3253	–
Group 2	0.3253	0.0000	0.3253	–
<b>Class X Income</b>				
Group 1	0.9146	–	0.9146	0.1539
Group 2	0.4759	0.4387	0.9146	0.1539
<b>Class Y Accumulation</b>				
Group 1	0.9589	–	0.9589	0.1505
Group 2	0.5724	0.3865	0.9589	0.1505
<b>Class Y Income</b>				
Group 1	0.9054	–	0.9054	0.1444
Group 2	0.2719	0.6335	0.9054	0.1444
<b>Class Z Accumulation</b>				
Group 1	1.0281	–	1.0281	0.1877
Group 2	1.0281	0.0000	1.0281	0.1877
<b>Class Z Income</b>				
Group 1	0.9409	–	0.9409	0.1748
Group 2	0.9409	0.0000	0.9409	0.1748

\* Class M Income merged into Class Y Income on 1 November 2022.

\*\* Class X Accumulation launched on 31 March 2023.

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 29/09/23	Distribution paid 30/09/22
<b>Class M Income*</b>				
Group 1	–	–	–	0.2874
Group 2	–	–	–	0.2874
<b>Class R Accumulation</b>				
Group 1	1.1964	–	1.1964	0.3464
Group 2	0.4489	0.7475	1.1964	0.3464
<b>Class S Accumulation</b>				
Group 1	1.1866	–	1.1866	0.3436
Group 2	1.1866	0.0000	1.1866	0.3436
<b>Class S Income</b>				
Group 1	1.1391	–	1.1391	0.3382
Group 2	1.1391	0.0000	1.1391	0.3382
<b>Class X Accumulation**</b>				
Group 1	1.1207	–	1.1207	–
Group 2	0.3567	0.7640	1.1207	–
<b>Class X Income</b>				
Group 1	1.1182	–	1.1182	0.3179
Group 2	0.3749	0.7433	1.1182	0.3179
<b>Class Y Accumulation</b>				
Group 1	1.1858	–	1.1858	0.3215
Group 2	0.6377	0.5481	1.1858	0.3215
<b>Class Y Income</b>				
Group 1	1.1096	–	1.1096	0.3081
Group 2	0.6179	0.4917	1.1096	0.3081
<b>Class Z Accumulation***</b>				
Group 1	–	–	–	0.3663
Group 2	–	–	–	0.3663
<b>Class Z Income</b>				
Group 1	1.1475	–	1.1475	0.3406
Group 2	1.1475	0.0000	1.1475	0.3406

\* Class M Income merged into Class Y Income on 1 November 2022.

\*\* Class X Accumulation launched on 31 March 2023.

\*\*\* Class Z Accumulation closed on 2 May 2023.

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 August 2023

Group 2: Shares purchased between 1 August 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Income*</b>				
Group 1	–	–	–	0.4058
Group 2	–	–	–	0.4058
<b>Class R Accumulation</b>				
Group 1	1.7942	–	1.7942	0.4670
Group 2	1.3732	0.4210	1.7942	0.4670
<b>Class S Accumulation</b>				
Group 1	1.7793	–	1.7793	0.4629
Group 2	1.7793	0.0000	1.7793	0.4629
<b>Class S Income</b>				
Group 1	1.6896	–	1.6896	0.4544
Group 2	0.5720	1.1176	1.6896	0.4544
<b>Class X Accumulation**</b>				
Group 1	1.6923	–	1.6923	–
Group 2	0.4143	1.2780	1.6923	–
<b>Class X Income</b>				
Group 1	1.6681	–	1.6681	0.4342
Group 2	1.1286	0.5395	1.6681	0.4342
<b>Class Y Accumulation</b>				
Group 1	1.7924	–	1.7924	0.4444
Group 2	0.9667	0.8257	1.7924	0.4444
<b>Class Y Income</b>				
Group 1	1.6602	–	1.6602	0.4243
Group 2	0.7708	0.8894	1.6602	0.4243
<b>Class Z Accumulation***</b>				
Group 1	–	–	–	0.4919
Group 2	–	–	–	0.4919
<b>Class Z Income</b>				
Group 1	1.7017	–	1.7017	0.4577
Group 2	1.7017	0.0000	1.7017	0.4577

\* Class M Income merged into Class Y Income on 1 November 2022.

\*\* Class X Accumulation launched on 31 March 2023.

\*\*\* Class Z Accumulation closed on 2 May 2023.

# Royal London International Government Bond Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London International Government Bond Fund, Class M Income	-0.27	-12.19	-0.28
Royal London International Government Bond Fund, Class R Accumulation	0.00	-11.50	1.12
Royal London International Government Bond Fund, Class S Income	-0.04	-11.57	–
JP Morgan Global ex-UK Traded GBP Hedged Index	-0.86	-14.81	-2.83
IA Global Government Bond TR	-2.53	-16.51	-6.01

Class S Income launched on 16 April 2019.

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

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

### Performance overview

The Fund produced flat returns for the review period, but outperformed both its benchmark, JP Morgan Traded World ex-UK Government Bond Index (Hedged), and the average fund in its Investment Association peer group.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

The backdrop of rising interest rates and inflation meant that global bond yields, including both conventional and index-linked bonds, increased (and therefore prices fell) significantly over the period, albeit by less than in the prior year.

### Portfolio commentary

The Fund outperformed the benchmark index over the twelve months. For most of this period, yields have been rising, which is negative for absolute returns. We were underweight in interest rate risk (known as duration), meaning that the Fund was less exposed to rising yields than the benchmark, for most of the period, altering the scale of it to take advantage of market volatility. This was helpful for performance. As we came into summer, we believed that yields had risen to levels where these were starting to look attractive once more, and hence moved from our more cautious stance to a more positive one, largely by adding to exposure in markets such as the US, Canada and Italy.

Our cross-market strategy was also active during the period, with opportunities presenting themselves as the pace of central bank policy interest rate rises and their statements around those rises, varied across markets. For instance, later in the period we sold French bonds at low yields, adding some exposure to UK gilts (which are not included in the benchmark), as yields reached 5%, a level we felt was very attractive. As this market outperformed, we reversed the position. We carried out a similar trade with Italian and Australian bonds.

## Manager's Investment Report (continued)

### Investment outlook

We believe that whilst inflation will fall sharply this year, its likely to remain well above target in most economies by the end of the year, and particularly so in the UK. Shallow recessions are possible but are unlikely to be deep enough at this stage to ease the excessive tightness seen in labour markets. As a result, interest rates will continue to trend higher, albeit at a much slower pace than over the last 18 months and are unlikely to be cut anytime soon.

Central banks are faced with a dilemma as to when to stop raising rates and all are pointing towards a greater emphasis on economic data releases in order to direct policy going forward. We are undoubtedly nearer the end of the rate rising cycle than the start, and data has started to show signs of weakening as a result of the rate rises seen to date. However, the job may not yet be done and we may well see further rises going forward, and we believe that the timeline for the banks to start cutting rates is longer than the market is currently expecting. All this adds up to the potential for further volatility in reaction to data points, and we remain positioned to trade tactically and take advantage of this.

**Gareth Hill**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	100.89	114.09	117.22
Return before operating charges*	(0.14)	(11.42)	(1.82)
Operating charges	(0.31)	(0.32)	(0.35)
Return after operating charges*	(0.45)	(11.74)	(2.17)
Distributions on income shares	(2.52)	(1.46)	(0.96)
<b>Closing net asset value per share</b>	<b>97.92</b>	<b>100.89</b>	<b>114.09</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(0.45)%	(10.29)%	(1.85)%
<b>Other information</b>			
Closing net asset value (£'000)	541,985	432,799	163,188
Closing number of shares	553,484,836	429,000,030	143,039,794
Operating charges	0.30%	0.30%	0.30%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	105.00	115.50	117.90
Lowest share price	98.78	100.40	113.20

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	100.67	111.96	113.79
Return before operating charges*	(0.18)	(11.24)	(1.77)
Operating charges	(0.05)	(0.05)	(0.06)
Return after operating charges*	(0.23)	(11.29)	(1.83)
Distributions on accumulation shares	(2.53)	(1.44)	(0.93)
Retained distributions on accumulation shares	2.53	1.44	0.93
<b>Closing net asset value per share</b>	<b>100.44</b>	<b>100.67</b>	<b>111.96</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(0.23)%	(10.08)%	(1.61)%
<b>Other information</b>			
Closing net asset value (£'000)	362,199	284,511	295,217
Closing number of shares	360,612,811	282,622,599	263,681,964
Operating charges	0.05%	0.05%	0.05%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	104.90	113.40	114.50
Lowest share price	99.89	99.31	110.40

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	93.46	105.43	108.06
Return before operating charges*	(0.13)	(10.56)	(1.69)
Operating charges	(0.06)	(0.06)	(0.06)
Return after operating charges*	(0.19)	(10.62)	(1.75)
Distributions on income shares	(2.34)	(1.35)	(0.88)
<b>Closing net asset value per share</b>	<b>90.93</b>	<b>93.46</b>	<b>105.43</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	(0.20)%	(10.07)%	(1.62)%
<b>Other information</b>			
Closing net asset value (£'000)	5	5	5
Closing number of shares	5,000	5,000	5,000
Operating charges	0.05%	0.05%	0.05%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	97.37	106.80	108.70
Lowest share price	91.72	92.99	104.50

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Government Bonds – 94.27% (31/10/22 – 91.12%)</b>			
€1,920,000	Federal Republic of Germany 0% 15/2/2030	1,421	0.16
€8,421,000	Federal Republic of Germany 0% 15/8/2031	5,971	0.66
€13,905,000	Federal Republic of Germany 0% 15/5/2035	8,690	0.96
€5,278,301	Federal Republic of Germany 0% 15/8/2050	2,069	0.23
€6,473,000	Federal Republic of Germany 0.5% 15/2/2028	5,156	0.57
€6,098,000	Federal Republic of Germany 1.3% 15/10/2027	5,044	0.56
€2,000	Federal Republic of Germany 4.75% 4/7/2040	2	–
AUD\$8,405,000	Government of Australia 0.5% 21/9/2026	3,925	0.43
AUD\$25,583,000	Government of Australia 1% 21/12/2030	10,337	1.14
AUD\$7,811,000	Government of Australia 3.75% 21/5/2034	3,677	0.41
AUD\$11,016,000	Government of Australia 4.75% 21/6/2054	5,269	0.58
€9,867,000	Government of Belgium 0.1% 22/6/2030	7,044	0.78
€1,066,000	Government of Belgium 0.4% 22/6/2040	538	0.06
€4,446,000	Government of Belgium 1.45% 22/6/2037	2,937	0.32
€4,003,000	Government of Belgium 1.7% 22/6/2050	2,171	0.24
€107,000	Government of Belgium 1.9% 22/6/2038	74.00	0.01
€3,790,000	Government of Belgium 3.45% 22/06/2043	3072.00	0.34
C\$5,017,000	Government of Canada 1.5% 1/6/2031	2477.00	0.27
C\$2,372,000	Government of Canada 2.25% 1/6/2029	1285.00	0.14
C\$23,337,000	Government of Canada 3.5% 1/3/2028	13,488	1.49
C\$7,834,000	Government of Canada 3.75% 1/5/2025	4,579	0.51
€17,243,000	Government of France 0% 25/11/2031	11,617	1.28
€10,521,000	Government of France 0.75% 25/5/2028	8,281	0.92
€9,005,000	Government of France 0.75% 25/5/2053	3,514	0.39
€1,728,000	Government of France 1% 25/5/2027	1,403	0.16
€15,050,000	Government of France 1.5% 25/5/2031	11,658	1.29
€2,908,000	Government of France 2.5% 25/5/2030	2,442	0.27
€5,770,161	Government of France 2.5% 25/5/2043	4,087	0.45
€2,487,000	Government of France 4% 25/4/2055	2,170	0.24
€7,411,000	Government of France 4.75% 25/4/2035	7,193	0.80
¥1,709,850,000	Government of Japan 0.1% 20/6/2028	9,173	1.01
¥2,000,200,000	Government of Japan 0.1% 20/3/2029	10,660	1.18
¥3,619,100,000	Government of Japan 0.4% 20/3/2025	19,791	2.19
¥1,244,400,000	Government of Japan 0.4% 20/3/2036	6,170	0.68
¥2,805,900,000	Government of Japan 0.4% 20/3/2039	13,131	1.45
¥1,045,250,000	Government of Japan 0.5% 20/12/2041	4,700	0.52
¥3,225,350,000	Government of Japan 0.8% 20/3/2048	14,110	1.56
¥3,163,700,000	Government of Japan 1.2% 20/12/2034	17,443	1.93
¥914,900,000	Government of Japan 1.4% 20/9/2045	4,667	0.52
¥78,000,000	Government of Japan 1.4% 20/3/2055	378	0.04
¥1,284,450,000	Government of Japan 1.8% 20/9/2030	7,524	0.83
¥537,150,000	Government of Japan 1.8% 20/3/2043	2,985	0.33
¥334,600,000	Government of Japan 1.9% 20/3/2029	1,958	0.22
¥798,350,000	Government of Japan 2.2% 20/3/2028	4,687	0.52
¥829,450,000	Government of Japan 2.2% 20/3/2031	4,992	0.55
¥913,550,000	Government of Japan 2.4% 20/3/2048	5,559	0.61
€7,187,000	Government of Netherlands 0% 15/7/2031	4,978	0.55
€2,358,000	Government of Netherlands 0.5% 15/1/2040	1,332	0.15
€7,925,000	Government of Spain 0% 31/1/2028	6,006	0.66
€10,517,000	Government of Spain 0.6% 31/10/2029	7764.00	0.86
€6,629,000	Government of Spain 1% 31/10/2050	2,673	0.30
€6,208,000	Government of Spain 1.50% 30/4/2027	5,089	0.56
€2,510,000	Government of Spain 1.9% 31/10/2052	1,263	0.14
€6,788,000	Government of Spain 1.95% 30/7/2030	5,363	0.59
€5,523,000	Government of Spain 2.9% 31/10/2046	3,757	0.42
€9,165,000	Government of Spain 3.55% 31/10/2033	7,777	0.86
€4,582,000	Government of Spain 4.7% 30/7/2041	4,178	0.46

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
SEK6,020,000	Government of Sweden 1% 12/11/2026	417	0.05
€3,818,000	Republic of Italy 0.95% 1/3/2037	2,061	0.23
€6,779,000	Republic of Italy 1.45% 1/3/2036	4,059	0.45
€9,912,000	Republic of Italy 3.5% 1/3/2030	8,297	0.92
€15,158,000	Republic of Italy 4% 30/10/2031	12,855	1.42
€4,452,000	Republic of Italy 4.45% 1/9/2043	3551.00	0.39
€73,000	Republic of Italy 4.5% 1/10/2053	57	0.01
\$15,232,000	US Treasury 0.375% 15/4/2024	12,268	1.36
\$57,361,800	US Treasury 0.625% 30/11/2027	39,909	4.41
\$14,307,000	US Treasury 0.625% 15/5/2030	8,988	0.99
\$20,093,600	US Treasury 0.625% 15/8/2030	12,509	1.38
\$35,487,000	US Treasury 0.75% 31/3/2026	26,489	2.93
\$22,510,000	US Treasury 0.75% 30/4/2026	16,739	1.85
\$16,537,600	US Treasury 1.125% 15/2/2031	10,554	1.17
\$33,265,600	US Treasury 1.125% 15/5/2040	14,937	1.65
\$12,855,000	US Treasury 1.25% 15/8/2031	8,114	0.90
\$8,791,700	US Treasury 1.25% 15/5/2050	3,187	0.35
\$16,894,000	US Treasury 1.375% 31/10/2028	11,778	1.30
\$6,007,100	US Treasury 1.5% 30/11/2024	4,747	0.53
\$15,319,400	US Treasury 1.5% 15/2/2030	10,321	1.14
\$20,264,000	US Treasury 1.625% 15/2/2026	15,486	1.71
\$27,357,700	US Treasury 1.625% 30/9/2026	20,573	2.28
\$24,832,100	US Treasury 1.75% 31/12/2026	18,601	2.06
\$20,936,900	US Treasury 1.875% 15/2/2051	9,056	1.00
\$16,157,700	US Treasury 2% 15/8/2025	12,607	1.39
\$24,179,000	US Treasury 2.125% 15/5/2025	19,023	2.10
\$32,208,900	US Treasury 2.25% 15/11/2024	25,692	2.84
\$1,592,800	US Treasury 2.25% 15/11/2025	1,242	0.14
\$2,019,000	US Treasury 2.25% 15/8/2046	997	0.11
\$9,604,500	US Treasury 2.375% 15/5/2029	6,954	0.77
\$17,660,000	US Treasury 2.75% 15/2/2028	13,372	1.48
\$23,095,000	US Treasury 2.75% 31/5/2029	17,041	1.89
\$23,559,700	US Treasury 2.875% 15/5/2032	16,660	1.84
\$14,012,000	US Treasury 2.875% 15/5/2049	7,750	0.86
\$12,392,000	US Treasury 3% 15/2/2049	7,029	0.78
\$5,070,200	US Treasury 3.125% 15/11/2041	3,143	0.35
\$15,463,700	US Treasury 3.125% 15/8/2044	9,279	1.03
\$4,176,700	US Treasury 3.375% 15/5/2044	2,619	0.29
\$6,846,500	US Treasury 3.375% 15/11/2048	4,176	0.46
\$8,921,900	US Treasury 3.5% 15/2/2039	6,079	0.67
\$7,213,700	US Treasury 3.625% 15/8/2043	4,742	0.52
\$6,113,000	US Treasury 3.625% 15/2/2044	4,000	0.44
\$30,580,600	US Treasury 3.875% 31/3/2025	24,731	2.74
\$25,962,000	US Treasury 4% 29/2/2028	20,690	2.29
\$4,875,100	US Treasury 4% 15/11/2052	3,357	0.37
\$45,464,000	US Treasury 4.125% 30/9/2027	36,467	4.03
\$7,506,900	US Treasury 4.375% 15/5/2041	5,581	0.62
\$5,054,000	US Treasury 4.625% 15/2/2040	3,906	0.43
<b>Total Government Bonds</b>		<b>852,389</b>	<b>94.27</b>
<b>Government Index-Linked Bonds – 5.60% (31/10/22 – 6.27%)</b>			
¥4,380,900,000	Government of Japan 0.1% IL 10/3/2026	26,723	2.95
€27,703,000	Republic of Italy 1.4% IL 26/5/2025	23,941	2.65
<b>Total Government Index-Linked Bonds</b>		<b>50,664</b>	<b>5.60</b>
<b>Supranational Bonds – 0.69% (31/10/22 – 0.59%)</b>			
€7,562,000	European Union 3.375% 4/10/2038	6,201	0.69
<b>Total Supranational Bonds</b>			<b>0.69</b>

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Forward Currency Contracts – (0.62)% (31/10/22 – 1.51%)</b>			
	Buy €1,058,000 & Sell £916,644*	8	–
	Buy £24,351,534 & Sell AUD 46,487,000*	52	0.01
	Buy £21,907,346 & Sell CAD 36,488,000*	232	0.03
	Buy £212,215,066 & Sell €244,741,167*	(1,583)	(0.18)
	Buy £157,629,224 & Sell JPY 28,369,319,614*	1,473	0.16
	Buy £461,004 & Sell SEK 6,139,000*	7	–
	Buy £504,087,646 & Sell \$619,131,000*	(5,834)	(0.65)
	Buy \$5,583,000 & Sell £4,545,877*	52	0.01
<b>Total Forward Currency Contracts</b>		<b>(5,593)</b>	<b>(0.62)</b>
<b>Futures – (0.06)% (31/10/22 – (0.01)%)</b>			
	325 CBT US 5YR Note December 2023	(270)	(0.03)
	400 CBT US 10YR Note December 2023	(363)	(0.04)
	50 EUX EURO-Bund Future December 2023	93	0.01
	(60) EUX EURO-BTP Future December 2023	(39)	–
<b>Total Futures</b>		<b>(579)</b>	<b>(0.06)</b>
<b>Total value of investments*</b>		<b>903,082</b>	<b>99.88</b>
<b>Net other assets</b>		<b>1,107</b>	<b>0.12</b>
<b>Total net assets</b>		<b>904,189</b>	<b>100.00</b>

^ Including investment liabilities

\* Unlisted

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
US Treasury 0.625% 30/11/2027	40,124
US Treasury 4.125% 30/9/2027	35,788
Government of France 1.5% 25/5/2031	34,488
US Treasury 2.75% 31/5/2029	29,703
Government of Japan 0.4% 20/3/2025	27,808
US Treasury 0.75% IL 15/7/2028	27,611
Government of Belgium 0% 22/10/2031	26,491
US Treasury 3.875% 31/3/2025	24,808
Government of France 0% 25/11/2031	22,560
US Treasury 4% 29/2/2028	20,589
<b>Subtotal</b>	<b>289,970</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,043,884</b>

### Significant Sales

	Proceeds £'000
Republic of Italy 0.95% 1/3/2023	34,103
Government of France 0% 25/3/2023	31,096
US Treasury 0.75% IL 15/7/2028	27,433
Government of Belgium 0% 22/10/2031	26,197
Government of France 1.5% 25/5/2031	22,332
US Treasury 1.25% IL 15/4/2028	20,687
US Treasury 1.125% 29/2/2028	20,237
Government of Australia 2.25% 21/5/2028	20,085
Government of Australia 0.75% IL 21/11/2027	19,574
US Treasury 2.125% 29/2/2024	17,409
<b>Subtotal</b>	<b>239,153</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>784,172</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(28,024)	(66,994)
Revenue	3	21,051	7,756
Expenses	4	(1,674)	(924)
Interest payable and similar charges		(27)	(28)
Net revenue before taxation		19,350	6,804
Taxation	5	–	–
Net revenue after taxation		19,350	6,804
Total deficit before distributions		(8,674)	(60,190)
Distributions	6	(21,024)	(7,728)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(29,698)</b>	<b>(67,918)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		911,171	713,638
<b>Current assets:</b>			
Debtors	7	8,762	4,582
Cash and bank balances	8	7,134	3,876
<b>Total assets</b>		<b>927,067</b>	<b>722,096</b>
<b>Liabilities</b>			
Investment liabilities		8,089	69
<b>Creditors:</b>			
Bank overdraft		2,648	769
Other creditors	9	4,384	211
Distribution payable		7,757	3,732
<b>Total liabilities</b>		<b>22,878</b>	<b>4,781</b>
<b>Net assets attributable to shareholders</b>		<b>904,189</b>	<b>717,315</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>717,315</b>	<b>458,410</b>
Amounts receivable on creation of shares	266,525	360,101
Amounts payable on cancellation of shares	(59,020)	(37,452)
	207,505	322,649
Dilution adjustment charged	126	195
Change in net assets attributable to shareholders from investment activities	(29,698)	(67,918)
Retained distributions on accumulation shares	8,941	3,979
<b>Closing net assets attributable to shareholders</b>	<b>904,189</b>	<b>717,315</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(59,435)	(32,541)
Derivative securities	(3)	1,131
Currency (losses)/gains	(10,368)	10,443
Forward currency contracts	41,782	(46,027)
<b>Net capital losses</b>	<b>(28,024)</b>	<b>(66,994)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	20,803	7,666
Bank interest	133	21
Stock lending income	115	69
<b>Total revenue</b>	<b>21,051</b>	<b>7,756</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,674	924
<b>Total expenses</b>	<b>1,674</b>	<b>924</b>

\* Audit fee £22,650 (31/10/22: £21,571) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax at 20%	–	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	19,350	6,804
Corporation tax at 20% (31/10/22: 20%)	3,870	1,361

Effects of:

Tax deductible interest distributions	(3,765)	(1,361)
Tax relief on index-linked gilts	(105)	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	3,833	1,548
Final	5,108	2,431
	8,941	3,979
<b>Income shares</b>		
Interim	5,535	1,691
Final	7,757	3,732
	13,292	5,423
<b>Net distributions for the year</b>	<b>22,233</b>	<b>9,402</b>
Add: Amounts deducted on cancellation of shares	462	95
Deduct: Amounts received on the creation of shares	(1,671)	(1,769)
<b>Gross interest distributions for the year</b>	<b>21,024</b>	<b>7,728</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	19,350	6,804
Expenses charged to capital	1,674	924
<b>Gross interest distributions for the year</b>	<b>21,024</b>	<b>7,728</b>

Details of the distribution per share are set out on page 141.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	–	1,021
Sales awaiting settlement	3,770	–
Accrued revenue	4,991	3,560
Overseas withholding tax recoverable	1	1
<b>Total debtors</b>	<b>8,762</b>	<b>4,582</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	2,740	2,439
Amounts held at futures clearing houses and brokers	4,394	1,437
<b>Total cash and bank balances</b>	<b>7,134</b>	<b>3,876</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	446	100
Purchases awaiting settlement	3,783	–
Accrued expenses	155	111
<b>Total other creditors</b>	<b>4,384</b>	<b>211</b>

### 10. Reconciliation of number of shares

	Class M Income	Class R Accumulation
Opening shares at 01/11/22	429,000,030	282,622,599
Shares issued	155,155,734	105,201,798
Shares cancelled	(30,670,928)	(27,211,586)
<b>Closing shares at 31/10/23</b>	<b>553,484,836</b>	<b>360,612,811</b>

	Class S Income
Opening shares at 01/11/22	5,000
Shares issued	–
Shares cancelled	–
<b>Closing shares at 31/10/23</b>	<b>5,000</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £601,000 (31/10/22: £814,000).

At the year end, 31 October 2023, 29.96% (31/10/22: 39.71%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £29,000 (Gross: £144,000) (31/10/22: £17,000 (Gross: £86,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £134,732,000 (31/10/22: £59,603,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	142,058	63,469

The aggregate value of collateral held at the balance sheet date was £142,058,000 (31/10/22: £63,469,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Banco Santander, BNP Paribas London, Citigroup Global Markets and Goldman Sachs.

### 14. Financial Derivatives

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

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 131 and 132, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	1,532	20
Goldman Sachs	–	1,835
JP Morgan	7	93
Royal Bank of Canada	(7,132)	8,896

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 134. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	908,775	719,141
Australian dollar	(657)	355
Canadian dollar	99	247
Euro	(896)	(1,339)
Japanese yen	(1,311)	1,100
Swedish krona	(33)	(8)
US dollar	(1,788)	(2,181)
<b>Total</b>	<b>904,189</b>	<b>717,315</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £459,000 (31/10/22: £183,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £459,000 (31/10/22: £183,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £90,308,000 (31/10/22: £71,357,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £90,308,000 (31/10/22: £71,357,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	1,993	–	88	2,081
Australian dollar	218	23,208	269	23,695
Canadian dollar	–	21,828	431	22,259
Euro	26,946	183,814	4,997	215,757
Japanese yen	26,723	127,927	1,668	156,318
Swedish krona	–	417	11	428
US dollar	1,918	501,396	3,215	506,529
<b>Total</b>	<b>57,798</b>	<b>858,590</b>	<b>10,679</b>	<b>927,067</b>
<b>31 Oct 2022</b>				
Sterling	2,138	5,590	1,035	8,763
Australian dollar	73	11,284	137	11,494
Canadian dollar	1	19,715	282	19,998
Euro	22,214	186,757	3,924	212,895
Japanese yen	24,333	91,951	1,937	118,221
Swedish krona	–	389	10	399
US dollar	111	342,119	8,096	350,326
<b>Total</b>	<b>48,870</b>	<b>657,805</b>	<b>15,421</b>	<b>722,096</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

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

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	35	8,400	8,435
Canadian dollar	253	–	253
Euro	–	5,362	5,362
US dollar	2,360	6,468	8,828
<b>Total</b>	<b>2,648</b>	<b>20,230</b>	<b>22,878</b>
<b>31 Oct 2022</b>			
Sterling	579	3,943	4,522
Euro	–	69	69
US dollar	190	–	190
<b>Total</b>	<b>769</b>	<b>4,012</b>	<b>4,781</b>

Due to no Floating Rate Note stocks being held, there is no requirement to calculate interest sensitivity (31/10/22: same).

A change of 3% in the prevailing interest rates would result in a change of 0.21% (31/10/22: 0.19%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.07% (31/10/22: 0.06%) to the value of the Fund.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	909,254	100.56	702,800	97.98
<b>Total bonds</b>	<b>909,254</b>	<b>100.56</b>	<b>702,800</b>	<b>97.98</b>
Forward currency contracts – assets	1,824	0.21	10,838	1.51
Futures – assets	93	0.01	–	–
<b>Investments as shown in the balance sheet</b>	<b>911,171</b>	<b>100.78</b>	<b>713,638</b>	<b>99.49</b>
Forward currency contracts – liabilities	(7,417)	(0.83)	–	–
Futures – liabilities	(672)	(0.07)	(69)	(0.01)
<b>Total value of investments</b>	<b>903,082</b>	<b>99.88</b>	<b>713,569</b>	<b>99.48</b>

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

### 16. Portfolio transaction costs

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	1,043,884	928,596
Total sales	784,172	648,042

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.08% (31/10/22: 0.09%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	909,254	–	909,254
Derivatives	93	1,824	–	1,917
<b>Total</b>	<b>93</b>	<b>911,078</b>	<b>–</b>	<b>911,171</b>
<b>Investment liabilities</b>				
Derivatives	(672)	(7,417)	–	(8,089)
<b>Total</b>	<b>(672)</b>	<b>(7,417)</b>	<b>–</b>	<b>(8,089)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	702,800	–	702,800
Derivatives	–	10,838	–	10,838
<b>Total</b>	<b>–</b>	<b>713,638</b>	<b>–</b>	<b>713,638</b>
<b>Investment liabilities</b>				
Derivatives	(69)	–	–	(69)
<b>Total</b>	<b>(69)</b>	<b>–</b>	<b>–</b>	<b>(69)</b>

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £961,558,523. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 5.05%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Income</b>				
Group 1	1.1196	–	1.1196	0.5872
Group 2	0.3924	0.7272	1.1196	0.5872
<b>Class R Accumulation</b>				
Group 1	1.1179	–	1.1179	0.5766
Group 2	0.4346	0.6833	1.1179	0.5766
<b>Class S Income</b>				
Group 1	1.0376	–	1.0376	0.5430
Group 2	1.0376	0.0000	1.0376	0.5430

#### Final

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Income</b>				
Group 1	1.4014	–	1.4014	0.8700
Group 2	0.8241	0.5773	1.4014	0.8700
<b>Class R Accumulation</b>				
Group 1	1.4163	–	1.4163	0.8603
Group 2	0.8497	0.5666	1.4163	0.8603
<b>Class S Income</b>				
Group 1	1.3008	–	1.3008	0.8054
Group 2	1.3008	0.0000	1.3008	0.8054

# Royal London Diversified Asset-Backed Securities Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Diversified Asset-Backed Securities Fund, Class R Accumulation	9.79	16.17	19.88
Royal London Diversified Asset-Backed Securities Fund, Class S Accumulation	9.70	16.13	–
Royal London Diversified Asset-Backed Securities Fund, Class Z Accumulation	9.28	14.79	17.42
Royal London Diversified Asset-Backed Securities Fund, Class Z Income	9.31	–	–
Sterling Overnight Index Average Rate (SONIA)	4.25	5.24	6.41
Sterling Overnight Index Average Rate (SONIA) +2% p.a.	6.25	11.24	16.41

Class S Accumulation launched on 9 April 2019. Class Z Income launched 29 November 2021.

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

### Performance overview

In the period under review, the Fund has outperformed its benchmark. It is a similar story for the 3-year and 5-year periods.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

Performance during the period was driven by strong yields across the portfolio. The majority of the Fund is invested in secured bonds, with payments backed by distinct cashflows or assets, or offer some sort of covenant protection. Inefficiencies in the sterling credit market mean that many of the bonds we hold actually have more attractive yield than similar unsecured bonds. We also have exposure to the wider market, primarily in financial bonds issued by banks and insurance companies. Although parts of the banking sector were affected by the collapse of Credit Suisse early in 2023, this had no impact on our portfolio, and rather created attractive opportunities to add selectively in the sector at a time when spreads remained elevated.

## Manager's Investment Report (continued)

### Portfolio commentary – continued

In secured bonds, as well as the positive impact of higher yields, we can also benefit from corporate actions. An example of this can be seen in real estate, where Shaftesbury merged with Capital & Counties, resulting in the company's unrated bonds being bought back at an attractive level reflecting the protective covenants in the bonds. Shaftesbury is a long-term holding in our portfolios, with attractive yields backed by significant assets in central London and is an example of how our focus on secured assets and acting as long-term lenders can produce strong returns over a sustained period. This further validates how our credit research emphasis on protective bond characteristics, such as security and covenants, over more superficial features, including bond ratings, can both dampen bond volatility and enhance portfolio returns.

One other feature of the Fund is interest rate hedging – a process which largely removes the impact of general government bond market moves – meaning the Fund is not exposed to the negative impact of rising bond yields and allows the Fund to focus on the best ideas within the sterling credit market, without being hamstrung by the resulting interest rate risk characteristics. With yields generally higher over the past twelve months, the hedging in place helped to mitigate the negative return impact on bonds.

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, as energy and food price increases moderate and sluggish GDP weakens the labour market. Nonetheless, UK interest rates are likely to remain high as the Bank of England continues to focus on bringing inflation under control.

Although the economic data remains very mixed, we still believe that elevated rates will lead to a slowdown in the UK, impacting company earnings and leading to some increase in credit rating downgrades and default rates. We still favour sterling credit bonds over government debt as credit spreads remain at reasonably attractive levels. However, recent outperformance means that their relative attractiveness has reduced. We remain focused on identifying the best opportunities across secured and securitised debt, favouring issues with strong downside protection, and ensuring that portfolios are diversified across issuers and sectors whilst not sacrificing the yield available.

**Shalin Shah**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	108.83	111.31	102.53
Return before operating charges*	10.72	(2.41)	8.84
Operating charges	(0.07)	(0.07)	(0.06)
Return after operating charges*	10.65	(2.48)	8.78
Distributions on accumulation shares	(6.70)	(3.55)	(2.45)
Retained distributions on accumulation shares	6.70	3.55	2.45
<b>Closing net asset value per share</b>	<b>119.48</b>	<b>108.83</b>	<b>111.31</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	9.79%	(2.23)%	8.56%
<b>Other information</b>			
Closing net asset value (£'000)	21,002	13,724	29,815
Closing number of shares	17,577,472	12,610,351	26,786,190
Operating charges	0.06%	0.06%	0.06%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	120.50	113.10	111.80
Lowest share price	107.70	108.10	103.20

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	107.80	110.25	101.57
Return before operating charges*	10.62	(2.38)	8.74
Operating charges	(0.07)	(0.07)	(0.06)
Return after operating charges*	10.55	(2.45)	8.68
Distributions on accumulation shares	(6.64)	(3.52)	(2.42)
Retained distributions on accumulation shares	6.64	3.52	2.42
<b>Closing net asset value per share</b>	<b>118.35</b>	<b>107.80</b>	<b>110.25</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	9.79%	(2.22)%	8.55%
<b>Other information</b>			
Closing net asset value (£'000)	43,968	50,426	60,104
Closing number of shares	37,151,258	46,776,929	54,517,747
Operating charges	0.06%	0.06%	0.06%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	119.40	112.00	110.70
Lowest share price	106.70	107.00	102.30

### Class Z Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	130.79	134.24	124.15
Return before operating charges*	12.86	(2.88)	10.67
Operating charges	(0.59)	(0.57)	(0.58)
Return after operating charges*	12.27	(3.45)	10.09
Distributions on accumulation shares	(7.55)	(3.78)	(2.46)
Retained distributions on accumulation shares	7.55	3.78	2.46
<b>Closing net asset value per share</b>	<b>143.06</b>	<b>130.79</b>	<b>134.24</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	9.38%	(2.57)%	8.13%
<b>Other information</b>			
Closing net asset value (£'000)	162,905	136,171	106,275
Closing number of shares	113,872,307	104,116,980	79,166,355
Operating charges	0.43%	0.43%	0.43% <sup>+</sup>
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	144.30	136.20	134.80
Lowest share price	129.40	129.90	125.00

<sup>+</sup> The FMF was reduced from 0.56% to 0.425% on 21 December 2020.

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 <sup>**</sup> (p)
Opening net asset value per share	94.66	100.00
Return before operating charges*	9.21	(2.47)
Operating charges	(0.42)	(0.38)
Return after operating charges*	8.79	(2.85)
Distributions on income shares	(5.34)	(2.49)
<b>Closing net asset value per share</b>	<b>98.11</b>	<b>94.66</b>
* after direct transaction costs of:	–	–
<b>Performance</b>		
Return after charges	9.29%	(2.85)%
<b>Other information</b>		
Closing net asset value (£'000)	18	2
Closing number of shares	17,928	2,500
Operating charges	0.43%	0.43%
Direct transaction costs	–	–
<b>Prices<sup>^</sup></b>		
Highest share price	100.60	101.20
Lowest share price	93.90	94.96

<sup>\*\*</sup> Class Z Income launched on 14 December 2021.

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Commercial Mortgage Backed Securities – 10.45% (31/10/22 – 11.34%)</b>			
£1,381,000	Atom Mortgage Securities FRN 22/7/2031	1,024	0.45
£677,000	Canary Wharf Finance II (A7) FRN 22/10/2037	538	0.24
£1,766,000	Deco 2019-RAM DAC FRN 7/8/2030*	577	0.25
£2,300,000	Equity Release FRN 14/7/2045	1,586	0.70
£2,660,664	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	1,880	0.82
£2,100,000	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	1,287	0.56
£4,632,000	Income Contingent Student Loan 2 FRN 24/7/2058	462	0.20
£2,316,000	Income Contingent Student Loan 2.5% 24/7/2056	1,197	0.53
£1,306,000	Income Contingent Student Loan 2.5% 24/7/2058	706	0.31
£393,000	Income Contingent Student Loan FRN 24/7/2056	22	0.01
£1,473,000	Last Mile Logistics CMBS 2023-1 17/8/2033	1,474	0.65
£1,274,000	Magenta 2020 FRN 20/12/2024	1,116	0.49
£1,300,000	Parkmore Point RMBS 2022-1 FRN 25/7/2045	1,060	0.47
£792,000	PCL Funding FRN 15/7/2026	793	0.35
£780,000	Sage AR Funding FRN 17/11/2030	767	0.34
£1,317,000	Sage AR Funding FRN 17/11/2051	1,275	0.56
£958,000	Scorpio European Loan Conduit No.34 FRN 17/5/2029	920	0.40
£1,000,000	Stark Financing 2023-1 DAC FRN 17/8/2033	998	0.44
£1,503,000	Taurus 2019-2 FRN 17/11/2029	1,412	0.62
£1,650,000	Taurus FRN 17/5/2030	1,622	0.71
£1,900,000	Taurus FRN 17/5/2031	1,837	0.81
£282,000	Together Asset Backed Securitisation FRN 12/7/2063	137	0.06
£2,000,000	Together Asset Backed Securitisation FRN 15/12/2061	649	0.28
£1,300,000	Towd Point Mortgage Funding FRN 20/2/2045	457	0.20
<b>Total Commercial Mortgage Backed Securities</b>		<b>23,796</b>	<b>10.45</b>

<b>Corporate Bonds – 80.44% (31/10/22 – 82.80%)</b>			
£604,000	3i Group 3.75% 5/6/2040	419	0.18
£978,000	AA Bond 6.269% 2/7/2043	961	0.42
£562,000	AA Bond 7.375% 31/7/2050	525	0.23
£311,000	AA Bond 8.45% 31/7/2050	311	0.14
£175,000	AA Bond Co Ltd 3.25% 31/7/2050	140	0.06
£516,000	abrdn 5.25% variable perpetual	414	0.18
£600,000	Aggregate Micro Power Infrastructure No.2 8% 17/10/2036*	538	0.24
£517,000	Alpha Plus 5% 31/3/2024	509	0.22
£808,000	Anglian Water Osprey Financing 4% 8/3/2026	736	0.32
£2,150,000	Annes Gate Property 5.661% 30/6/2031	2,037	0.89
£500,000	Annington Funding 2.646% 12/7/2025	468	0.21
£350,000	Annington Funding 3.685% 12/7/2034	263	0.12
£543,000	Annington Funding 3.935% 12/7/2047	354	0.16
£486,000	Annington Funding 4.75% 9/8/2033	407	0.18
£1,720,000	Arqiva Finance 4.882% 31/12/2032	1,012	0.44
£1,510,000	Arqiva Financing 5.34% 30/12/2037	1,399	0.61
£560,000	Arqiva Financing 7.21% 30/6/2045	575	0.25
£1,070,000	Artesian Finance 6% 30/9/2033	1,061	0.47
£550,000	Assicurazioni Generali 6.269% perpetual	531	0.23
£600,000	Athene Global Funding 1.875% 30/11/2028	479	0.21
£260,000	Aviva 6.125% variable 14/11/2036	257	0.11
£1,547,000	Aviva 6.875% variable 20/5/2058	1,433	0.63
£900,000	AXA 6.379% variable perpetual	768	0.34
£2,570,000	Barclays 6.278% variable perpetual	1,968	0.86
£549,000	Barclays 8.875% variable perpetual	507	0.22
£544,000	Barclays 9.25% variable perpetual	495	0.22
£500,000	Barclays Bank 4.75% variable perpetual	385	0.17
£440,000	Barclays PLC 7.09% variable 6/11/2029	437	0.19
£350,000	BAT International Finance 4% 23/11/2055	189	0.08
£1,343,000	BBC Pacific Quay Finance 5.5653% 25/7/2034	986	0.43

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£659,000	Blackstone Property Partners Europe 2.625% 20/10/2028	512	0.23
£689,000	Blackstone Property Partners Europe 4.875% 29/4/2032	534	0.23
£100,000	Blend Funding 2.467% 16/6/2063	46	0.02
£100,000	Blend Funding 2.984% 15/3/2036	75	0.03
£500,000	BPCE 2.5% variable 30/11/2032	411	0.18
£3,649,000	British Land 5.264% 24/9/2035	3,249	1.43
£705,000	British Land 5.357% 31/3/2028	674	0.30
£383,829	British Land 5.357% 31/3/2028	367	0.16
£2,810,000	Broadgate 4.999% 5/10/2033	2,646	1.16
£755,000	Broadgate Finance 4.821% 5/7/2036	689	0.30
£425,000	Broadgate Financing 5.098% 5/4/2035	324	0.14
£604,000	BWP Issuer 2.868% 30/6/2036	386	0.17
£1,775,000	Canary Wharf Finance 5.952% 22/10/2037	1,682	0.74
£844,000	Canary Wharf Finance II (C2) FRN 22/10/2037	644	0.28
£6,320,000	Canary Wharf Finance II 6.455% 22/10/2033	793	0.35
£1,250,000	Centrica 5.25% variable 10/4/2075	1,196	0.53
£1,096,000	Channel Link Enterprises Finance FRN 30/12/2050	809	0.35
£1,414,000	Charm Finance 3.509% 12/4/2048*	884	0.39
£800,000	Cheltenham & Gloucester 11.75% perpetual	1,128	0.49
£300,000	Close Brothers Group 2% variable 11/9/2031	246	0.11
£297,000	Close Brothers Group 7.75% 14/6/2028	298	0.13
£1,991,000	Connect M77 GSO 5.404% 31/3/2034	1,159	0.51
£626,000	Co-operative Bank 9.5% variable 25/4/2029	612	0.27
£591,000	CoOperative Bank Finance 9.5% variable 24/5/2028	582	0.26
£600,000	Coventry Building Society 6.875% variable perpetual	573	0.25
£582,000	CPUK Finance 3.588% 28/2/2042	552	0.24
£900,000	CPUK Finance 3.69% 28/2/2047	790	0.35
£315,000	CPUK Finance 4.5% 28/8/2027	269	0.12
£300,000	Credit Agricole 5.875% 25/10/2033	263	0.12
£202,000	CYBG 9.25% variable perpetual	198	0.09
£450,000	Daily Mail & General 6.375% 21/6/2027	408	0.18
£900,000	Delamare Finance 5.5457% 19/2/2029	483	0.21
£610,000	Delamare Finance 6.067% 19/2/2029	602	0.26
£1,605,000	Derby Healthcare 5.564% 30/6/2041	1,375	0.60
£2,402,000	Dignity Finance 3.5456% 31/12/2034	1,373	0.60
£2,300,000	Electricite de France 5.875% variable perpetual	1,892	0.83
£1,700,000	Electricite de France 6% 23/1/2114	1,376	0.60
£1,000,000	Electricite de France 6% variable perpetual	922	0.41
£3,270,000	Equity Release Funding 5.7% 26/2/2031	1,448	0.64
£1,082,000	Equity Release Funding 5.88% 26/5/2032	624	0.27
£1,075,000	Equity Release Funding No.3 5.05% 26/4/2033	948	0.42
£650,000	Eskmuir Group Finance 4.255% 12/12/2047*	366	0.16
£250,000	Esure Group 6% variable perpetual	173	0.08
£1,536,000	Eversholt Funding 2.742% 30/6/2040	1,043	0.46
£630,000	Eversholt Funding 3.529% 7/8/2042	442	0.19
£1,222,000	Eversholt Funding 6.697% 22/2/2035	1,018	0.45
£441,000	Fidelity National Information 3.36% 21/5/2031	369	0.16
£2,432,000	Folio Residential Finance 1.246% 31/10/2037	2,039	0.89
£559,175	Freshwater Finance 4.556% 3/4/2036	454	0.20
£2,109,000	Freshwater Finance 5.182% 20/4/2035	1,896	0.83
£889,100	Fuller Smith & Turner 6.875% 30/4/2028	907	0.40
£256,000	Gatwick Funding 2.5% 15/4/2032	207	0.09
£649,000	Gatwick Funding 2.875% 5/7/2051	352	0.15
£110,000	Gatwick Funding 5.75% 23/1/2037	101	0.04
£631,000	General Electric Capital 4.875% 18/9/2037	529	0.23

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 80.44% (31/10/22 – 82.80%) – continued</b>				£2,483,000	Mitchells & Butlers (A1N) FRN 15/12/2030	859	0.38
£1,199,401	Great Portland Estates 5.625% 31/1/2029	1,170	0.51	£2,440,000	Mitchells & Butlers (A4) FRN 15/12/2028	1,187	0.52
£808,000	Great Rolling Stock 6.5% 5/4/2031	592	0.26	£4,195,000	Mitchells & Butlers 5.574% 15/12/2030	989	0.43
£1,619,000	Great Rolling Stock 6.875% 27/7/2035	898	0.39	£1,193,000	Mitchells & Butlers FRN 15/12/2033	870	0.38
£728,000	Greene King 5.318% 15/9/2031	371	0.16	\$900,000	Mitchells and Butlers Finance FRN 15/12/2030	253	0.11
£1,639,000	Greene King Finance 3.593% 15/3/2035	1,230	0.54	£662,000	Morhomes 3.4% 19/2/2040	484	0.21
£1,003,000	Greene King Finance 4.0643% 15/3/2035	572	0.25	£340,000	MPT Operating Partnership 3.375% 24/4/2030	204	0.09
£310,000	Greene King Finance 5.106% 15/3/2034	249	0.11	£650,000	MPT Operating Partnership 3.692% 5/6/2028	438	0.19
£601,000	GreenSquareAccord 5.25% 30/11/2047	515	0.23	£500,000	National Express 4.25% variable perpetual	416	0.18
£2,082,973	Grosvenor UK Finance 6.5% 29/9/2026	2,123	0.93	£500,000	Natwest Group 2.105% variable 28/11/2031	426	0.19
£1,690,560	Guinness Trust 7.5% 30/11/2037	1,374	0.60	£460,000	NatWest Group 7.416% variable 6/6/2033	456	0.20
£400,000	Gwynt y Môr OFTO 2.778% 17/2/2034	223	0.10	£934,000	NIBC Bank 0.9673% variable perpetual	606	0.27
£2,032,340	Harbour Funding 5.28% 31/3/2044	1,904	0.84	£883,000	Octagon Healthcare 5.333% 31/12/2035	611	0.27
£982,676	Haven Funding 8.125% 30/9/2037	917	0.40	£300,000	Opus Chartered variable 31/3/2025	74	0.03
£363,000	Heathrow Funding 2.625% 16/3/2028	303	0.13	£237,000	Orsted 2.5% variable 18/2/3021	145	0.06
£100,000	Heathrow Funding 2.75% 13/10/2031	83	0.04	£1,132,000	OSB Group 6% variable perpetual	809	0.35
£700,000	Heathrow Funding 6.45% 10/12/2031	709	0.31	£593,000	OSB Group 9.993% variable 27/7/2033	563	0.25
£658,000	Heathrow Funding 7.075% variable 4/8/2028	682	0.30	£1,000,567	Peel Land & Property Investments 8.375% Step 30/4/2040	990	0.43
£499,000	Heinz (HJ) Finance 6.25% 18/2/2030	494	0.22	£2,894,000	Peterborough Progress Health 5.581% 2/10/2042	1,865	0.82
£1,240,000	Hexagon Housing Association 3.625% 22/4/2048	791	0.35	£491,000	Places for People Homes 6.625% 30/9/2038	356	0.16
£500,000	Home Group 8.75% 11/5/2037	569	0.25	£977,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	786	0.35
£3,036,000	HSBC 5.844% variable perpetual	2,963	1.30	£560,000	Porterbrook Rail Finance 4.625% 4/4/2029	520	0.23
£1,189,000	HSBC 8.201% variable 16/11/2034	1,220	0.54	£1,000,000	Premier Transmission Finance 5.2022% 31/3/2030	376	0.16
£1,040,000	IG GROUP 3.125% 18/11/2028	836	0.37	£1,000,000	Premiertel 5.683% 8/8/2029	519	0.23
£519,000	Integrated Accommodation Service 6.48% 31/3/2029	174	0.08	£2,054,000	Premiertel 6.175% 8/5/2032	1,420	0.62
£650,000	Intu (SGS) Finance 4.25% 17/9/2035	347	0.15	£873,000	Principality Building Society 8.625% 12/7/2028	899	0.39
£250,000	Intu (SGS) Finance 4.625% 17/3/2033	134	0.06	£942,000	Protective Life Global Funding 5.248% 13/1/2028	922	0.40
£580,000	Intu Debenture 5.562% 31/12/2027	192	0.08	£589,000	QBE Insurance 2.5% variable 13/9/2038	470	0.21
£2,247,000	Intu Metrocentre Finance 4.125% 6/12/2028	1,186	0.52	£1,500,000	Quadrant Housing 7.93% Step 10/2/2033	1,235	0.54
£930,000	Investec 1.875% variable 16/7/2028	761	0.33	£226,000	RAC Bond Co 8.25% 6/5/2046	228	0.10
£100,000	Investec 2.625% variable 4/1/2032	81	0.04	£250,000	Radian Capital 6% 5/3/2042	224	0.10
£373,000	Investec 9.125% variable 6/3/2033	373	0.16	£669,000	Reassure Group 5.867% 13/6/2029	612	0.27
£400,000	John Lewis 4.25% 18/12/2034	250	0.11	£816,000	RMPA Services 5.337% 30/9/2038	512	0.22
£550,000	John Lewis 6.125% 21/1/2025	539	0.24	£800,000	Rothsay Life 5.5% variable 17/9/2029	785	0.34
£900,000	JRP Group 9% 26/10/2026	944	0.41	£506,000	Rothsay Life 7.734% 16/5/2033	488	0.21
£122,000	Jupiter Fund Management 8.875% variable 27/7/2030	121	0.05	£918,000	RSL Finance 6.625% 31/3/2038	750	0.33
£650,000	Just Group 8.125% 26/10/2029	647	0.28	£697,000	Sainsburys Bank 10.5% variable 12/3/2033	720	0.32
£506,000	Land Securities 5.391% variable 31/3/2027	499	0.22	£476,600	Sanctuary 8.375% 1/9/2031	404	0.18
£1,744,000	Law Debenture 6.125% 12/10/2034*	1,748	0.77	£450,000	Santander 10.0625% perpetual	580	0.25
£3,181,000	Legal & General 5.5% variable 27/6/2064	2,703	1.19	£525,000	Santander UK 2.421% variable 17/01/2029	441	0.19
£611,000	Lendinvest Secured Income II 11.5% 3/10/2026	603	0.27	£2,052,000	Saxon Weald Capital 5.375% 6/6/2042	1,871	0.82
£257,000	Liverpool Victoria Friendly Society 6.5% variable 22/5/2043	247	0.11	£500,000	Scot Roads Partnership Finance 5.591% 16/3/2045	435	0.19
£427,000	Lloyds Banking Group 8.5% variable perpetual	391	0.17	£430,000	Scottish Investment Trust 5.75% 17/4/2030	424	0.19
£1,600,000	Logicor 2019 1.875% 17/11/2031	1,416	0.62	£1,257,500	Scottish Mortgage Investment Trust 12% 30/6/2026	1,439	0.63
£861,000	London Merchant Securities 6.5% 16/3/2026	860	0.38	£850,000	Society of Lloyds 4.875% variable 7/2/2047	788	0.35
£1,330,000	Longstone 4.896% 19/4/2036	1,179	0.52	£572,000	Southern Gas Networks 6.625% 14/3/2035	570	0.25
£90,000	Longstone Finance 4.774% 19/4/2036	81	0.04	£1,000,000	Southern Water Services Finance 2.375% 28/5/2028	823	0.36
£2,500,000	Longstone Finance 4.791% 19/4/2036	880	0.39	£300,000	Southern Water Services Finance 3% 28/5/2037	188	0.08
£350,000	M&G 5% variable 20/7/2055	290	0.13	£400,000	Southern Water Services Finance 6.64% 31/3/2026	395	0.17
£1,042,000	M&G 5.625% variable 20/10/2051	904	0.40	£397,000	SSE 3.74% variable perpetual	361	0.16
£1,552,000	M&G 5.7% variable 19/12/2063	1,271	0.56	£399,000	St James Oncology Financing 2.804% 31/3/2037	238	0.10
£894,000	Majedie Investments 7.25% 31/3/2025	894	0.39	£797,000	Stirling Water Seafield 5.822% 26/9/2026	169	0.07
£1,300,000	Marstons Issuer FRN 15/10/2031	549	0.24	£2,153,000	Summit Finance 6.484% 31/3/2028	643	0.28
£3,740,000	Meadowhall Finance 4.986% 12/1/2032	1,681	0.74	£1,769,000	Sunderland 6.38% 31/3/2042	1,692	0.74
£1,035,000	Meadowhall Finance FRN 12/7/2037	588	0.26	£1,520,000	Swan Housing Capital 3.625% 5/3/2048	1,029	0.45
£300,700	Mercantile Investment Trust 4.25% perpetual*	241	0.11	£809,000	Swedbank 7.272% variable 15/11/2032	798	0.35
£1,900,000	Mercantile Investment Trust 6.125% 25/2/2030	1,915	0.84				
£1,000,000	Merchants Trust 5.875% 20/12/2029	999	0.44				
£194,182	Metrocentre New Money Note Sonia + 11% PIK 6/12/2023*	188	0.08				
£559,000	MIELI London 4.82% 12/8/2027*	508	0.22				
£14,466,000	Mitchells & Butler 5.965% 15/12/2023	219	0.10				
£719,000	Mitchells & Butler 6.013% 15/12/2028	454	0.20				

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£1,955,000	Telereal Secured Finance 4.01% 10/12/2033	967	0.42
£669,000	Telereal Securitisation 1.9632% variable 10/12/2033	602	0.26
£650,000	Telereal Securitisation 3.507% variable 10/12/2033	585	0.26
£1,000,000	Telereal Securitisation 4.9741% 10/12/2033	386	0.17
£1,378,000	Telereal Securitisation 5.3887% 10/12/2033	510	0.22
£382,000	Telereal Securitisation 5.4252% 10/12/2033	304	0.13
£1,273,000	Telereal Securitisation 6.1645% 10/12/2033	1,037	0.46
£600,000	Telereal Securitisation FRN 10/12/2033	475	0.21
£3,861,000	Telereal Securitisation FRN 10/12/2033	2,847	1.25
£1,750,000	Telereal Securitisation FRN 10/12/2033	576	0.25
£513,000	Tesco Property 5.4111% 13/7/2044	409	0.18
£500,000	Tesco Property 5.6611% 13/10/2041	427	0.19
£350,000	Tesco Property 5.744% Sink 13/4/2040	290	0.13
£1,400,000	Tesco Property 5.8006% 13/10/2040	1,187	0.52
£694,000	Thames Water Kemble Finance 4.625% 19/5/2026	393	0.17
£1,564,000	Thames Water Utilities 4% 19/6/2025	1,469	0.65
£2,238,000	Thames Water Utilities 7.738% 9/4/2058	2,194	0.96
£318,000	Thames Water Utilities Finance 8.25% 25/4/2040	324	0.14
£780,000	THFC Funding 5.2% 11/10/2043	690	0.30
£330,000	TP ICAP 5.25% 29/5/2026	311	0.14
£291,000	TP ICAP Finance 7.875% 17/4/2030	282	0.12
£750,000	Trafford Centre 6.5% 28/7/2033	463	0.20
£350,000	Trafford Centre 7.03% 28/1/2029	108	0.05
£3,250,000	Trafford Centre FRN 28/7/2035	2,600	1.14
£416,000	Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX*	226	0.10
£190,000	Ulster Bank Ireland DAC 11.75% perpetual	304	0.13
£1,061,000	Unifund 5.32% 7/12/2047	830	0.36
£5,242,000	Unique Pub Fin 7.395% 30/3/2024	942	0.41
£7,017,000	Unique Pub Finance 5.659% 30/6/2027	2,625	1.15
£1,000,000	University of Greenwich 6.36% 31/7/2028	332	0.15
£1,702,000	UPP Bond Issuer 4.9023% 28/2/2040	1,255	0.55
£595,000	Varsity Funding 8.7915% Step 24/7/2026*	70	0.03
£265,000	Vattenfall AB 6.875% variable 17/8/2083	255	0.11
£793,000	Virgin Money 2.625% variable 19/8/2031	675	0.30
£313,000	Virgin Money UK 7.625% variable 23/8/2029	314	0.14
£2,065,000	Westfield Stratford City 1.642% 4/8/2031	1,808	0.79
£1,385,000	White City Property 5.1202% 17/4/2035	1,001	0.44
£2,470,000	Worcestershire Hospital 5.87% 31/12/2030	1,129	0.50
£374,000	Workspace Group 2.25% 11/3/2028	293	0.13
£418,000	Yorkshire Building Society 7.375% variable 12/9/2027	421	0.19
£565,000	Yorkshire Water Finance 2.75% 18/4/2041	337	0.15
£614,000	Yorkshire Water Finance 5.25% 28/4/2030	574	0.25
£319,000	Yorkshire Water Finance 5.5% 28/4/2035	286	0.13
£617,000	Zurich Finance 5.125% variable 23/11/2052	540	0.24
<b>Total Corporate Bonds</b>		<b>183,355</b>	<b>80.44</b>
<b>Government Bonds – 0.45% (31/10/22 – 0.22%)</b>			
£600,000	UK Treasury 0.25% 31/1/2025	567	0.25
£650,000	United Mexican States 5.625% 19/3/2114	451	0.20
<b>Total Government Bonds</b>		<b>1,018</b>	<b>0.45</b>
<b>Index Linked Bonds – 0.10% (31/10/22 – 0.14%)</b>			
£350,000	Road Management Services 3.642% IL 31/3/2028*	219	0.10
<b>Total Index Linked Bonds</b>		<b>219</b>	<b>0.10</b>

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Public Authorities – 0.99% (31/10/22 – 0.86%)</b>			
£998,000	Highways 2021 FRN 18/11/2026	970	0.43
£1,293,000	PCL Funding VIII FRN 15/5/2028	1,292	0.56
<b>Total Public Authorities</b>		<b>2,262</b>	<b>0.99</b>
<b>Total Return Swaps – 0.12% (31/10/22 – (0.55%))</b>			
(20,000,000)	TRS 30/11/23 Floating	(17,897)	(7.85)
£17,748,398	TRS 4.5% 30/11/23 Fixed	17,749	7.79
(20,000,000)	TRS 30/11/23 Floating	(19,628)	(8.61)
£19,352,765	TRS 4.5% 30/11/23 Fixed	19,353	8.49
(11,000,000)	TRS 30/11/23 Floating	(10,005)	(4.39)
£9,824,258	TRS 4.5% 30/11/23 Fixed	9,824	4.31
(25,000,000)	TRS 30/11/23 Floating	(23,477)	(10.30)
£23,151,566	TRS 4.5% 30/11/23 Fixed	23,152	10.16
(3,000,000)	TRS 30/11/23 Floating	(1,264)	(0.55)
£1,473,090	TRS 5.53% 30/11/23 Fixed	1,473	0.65
(10,000,000)	TRS 15/01/24 Floating	(10,016)	(4.40)
£10,166,992	TRS 5.25% 15/01/24 Fixed	10,167	4.46
(10,000,000)	TRS 15/01/24 Floating	(7,630)	(3.35)
£7,705,089	TRS 5.2% 15/01/24 Fixed	7,705	3.38
(2,000,000)	TRS 15/01/24 Floating	(722)	(0.32)
£756,816	TRS 5.25% 15/01/24 Fixed	757	0.33
(22,000,000)	TRS 15/01/24 Floating	(16,812)	(7.38)
£17,036,274	TRS 5.24% 15/01/24 Fixed	17,036	7.48
(19,000,000)	TRS 15/01/24 Floating	(10,768)	(4.73)
£11,179,717	TRS 5.25% 15/01/24 Fixed	11,180	4.91
(4,500,000)	TRS 15/01/24 Floating	(4,462)	(1.96)
£4,550,321	TRS 5.25% 15/01/24 Fixed	4,550	2.00
<b>Total Return Swaps</b>		<b>265</b>	<b>0.12</b>
<b>Overnight Index Swaps – 3.87% (31/10/22 – 3.71%)</b>			
(£5,000,000)	OIS 0.744% 13/11/2034	1,733	0.76
(£7,000,000)	OIS 0.77% 19/6/2028	1,189	0.52
(£10,000,000)	OIS 0.9% 19/6/2034	3,048	1.34
(£2,000,000)	OIS JPMLCH 0.62% 01/11/2071 FIX P	1,493	0.65
(£2,000,000)	OIS JPMLCH 3.54% 05/73 FP	270	0.12
(£2,000,000)	OIS JPMLCH SONIA 5/73 R	(45)	(0.02)
(£5,000,000)	OIS UBS 0.715% 7/4/30 FIX P	1,129	0.50
<b>Total Overnight Index Swaps</b>		<b>8,817</b>	<b>3.87</b>
<b>Forward Currency Contracts – 0.01% (31/10/22 – 0.02%)</b>			
	Buy £632,013 & Sell €725,000†	(1)	–
	Buy £4,796,090 & Sell \$5,800,000†	19	0.01
	Buy \$1,470,000 & Sell £1,197,818†	13	–
<b>Total Forward Currency Contracts</b>		<b>31</b>	<b>0.01</b>
<b>Total value of investments*</b>		<b>219,763</b>	<b>96.43</b>
<b>Net other assets</b>		<b>8,130</b>	<b>3.57</b>
<b>Total net assets</b>		<b>227,893</b>	<b>100.00</b>

\* Level 3 asset

† Unlisted

^ Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 1% 31/1/2032	18,298
UK Treasury 0.75% 22/7/2023	17,870
UK Treasury 4.5% 7/6/2028	10,047
UK Treasury 0.375% 22/10/2030	7,689
UK Treasury 2.75% 7/9/2024	6,090
UK Treasury 1.625% 22/10/2071	3,668
Legal & General 5.5% variable 27/6/2064	2,917
Thames Water Utilities 7.738% 9/4/2058	2,419
Barclays 6.278% variable perpetual	1,956
HSBC 5.844% variable perpetual	1,811
<b>Subtotal</b>	<b>72,765</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>164,603</b>

### Significant Sales

	Proceeds £'000
UK Treasury 1% 31/1/2032	18,297
UK Treasury 0.75% 22/7/2023	17,881
UK Treasury 4.5% 7/6/2028	10,047
UK Treasury 0.375% 22/10/2030	7,689
UK Treasury 2.75% 7/9/2024	6,072
UK Treasury 1.625% 22/10/2071	3,660
Scottish Mortgage Investment Trust 6.875% 31/1/2023	3,553
Taurus 2018 FRN 22/5/2028	3,462
Castell FRN 25/3/2053	3,328
Shaftesbury Chinatown 2.348% 30/9/2027	2,272
<b>Subtotal</b>	<b>76,261</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>144,257</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	7,266	(11,803)
Revenue	3	12,902	6,762
Expenses	4	(671)	(582)
Interest payable and similar charges		(9)	(74)
Net revenue before taxation		12,222	6,106
Taxation	5	–	–
Net revenue after taxation		12,222	6,106
Total return/(deficit) before distributions		19,488	(5,697)
Distributions	6	(12,222)	(6,106)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>7,266</b>	<b>(11,803)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		220,738	199,781
<b>Current assets:</b>			
Debtors	7	6,199	2,891
Cash and bank balances	8	3,803	477
<b>Total assets</b>		<b>230,740</b>	<b>203,149</b>
<b>Liabilities</b>			
Investment liabilities		975	2,387
<b>Creditors:</b>			
Other creditors	9	1,872	439
<b>Total liabilities</b>		<b>2,847</b>	<b>2,826</b>
<b>Net assets attributable to shareholders</b>		<b>227,893</b>	<b>200,323</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>200,323</b>	<b>196,194</b>
Amounts receivable on creation of shares	52,403	85,465
Amounts payable on cancellation of shares	(44,619)	(76,109)
	7,784	9,356
Dilution adjustment charged	289	489
Change in net assets attributable to shareholders from investment activities	7,266	(11,803)
Retained distributions on accumulation shares	12,231	6,087
<b>Closing net assets attributable to shareholders</b>	<b>227,893</b>	<b>200,323</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	662	(37,464)
Derivative securities	6,606	26,233
Currency (losses)/gains	(34)	97
Activity fees	(7)	–
Forward currency contracts	39	(669)
<b>Net capital gains/(losses)</b>	<b>7,266</b>	<b>(11,803)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	12,810	6,735
Bank interest	84	24
Stock lending income	8	3
<b>Total revenue</b>	<b>12,902</b>	<b>6,762</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	671	582
<b>Total expenses</b>	<b>671</b>	<b>582</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax at 20%	–	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	12,222	6,106
Corporation tax at 20% (31/10/22: 20%)	2,444	1,221

Effects of:

Tax deductible interest distributions	(2,444)	(1,221)
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	2,812	1,130
Second Interim	2,316	1,473
Third Interim	3,440	1,417
Final	3,663	2,067
<b>Net distributions for the year</b>	<b>12,231</b>	<b>6,087</b>
Add: Amounts deducted on cancellation of shares	295	263
Deduct: Amounts received on the creation of shares	(304)	(244)
<b>Gross interest distributions</b>	<b>12,222</b>	<b>6,106</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	12,222	6,106
<b>Gross interest distributions for the year</b>	<b>12,222</b>	<b>6,106</b>

Details of the distribution per share are set out on pages 156 and 157.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	988	425
Sales awaiting settlement	134	123
Accrued revenue	5,077	2,343
<b>Total debtors</b>	<b>6,199</b>	<b>2,891</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	3,232	477
Swaps collateral	571	–
<b>Total cash and bank balances</b>	<b>3,803</b>	<b>477</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	–	74
Purchases awaiting settlement	1,809	312
Accrued expenses	63	53
<b>Total other creditors</b>	<b>1,872</b>	<b>439</b>

### 10. Reconciliation of number of shares

	Class R Accumulation	Class S Accumulation
Opening shares at 01/11/22	12,610,351	46,776,929
Shares issued	8,153,029	990,158
Shares cancelled	(3,185,908)	(10,615,829)
<b>Closing shares at 31/10/23</b>	<b>17,577,472</b>	<b>37,151,258</b>

	Class Z Accumulation	Class Z Income
Opening shares at 01/11/22	104,116,980	2,500
Shares issued	30,662,505	21,094
Shares cancelled	(20,907,178)	(5,666)
<b>Closing shares at 31/10/23</b>	<b>113,872,307</b>	<b>17,928</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £925,000 (31/10/22: £298,000).

At the year end, 31 October 2023, 7.10% (31/10/22: 5.06%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £2,000 (Gross: £10,000) (31/10/22: £1,000 (Gross: £4,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £3,005,384 (31/10/22: £2,007,384).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	3,681	2,160

The aggregate value of collateral held at the balance sheet date was £3,680,564 (31/10/22: £2,159,839).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were BNP Paribas London, Citigroup Global Markets, HSBC Bank, JP Morgan Securities, Merrill Lynch International and Morgan Stanley & Co International.

### 14. Financial Derivatives

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

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

The types of derivatives held at the year end were forward currency contracts, overnight index swaps and total return swaps.

Details of the individual contracts are shown on the portfolio statement on pages 145 to 147, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	19	–
JP Morgan	–	34
Royal Bank of Canada	12	–

Counterparty	Overnight index swaps	
	31 Oct 2023 £'000	31 Oct 2022 £'000
HSBC Bank	1,733	1,426
JP Morgan	5,955	4,981
UBS AG	1,129	1,050

Counterparty	Total Return Swaps	
	31 Oct 2023 £'000	31 Oct 2022 £'000
HSBC Bank	724	(1,247)
Citi Group	(459)	193

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

At 31 October 2023 there was bilateral collateral held in respect of the above derivatives (31/10/22: same).

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 149. 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 proportion of the Fund's asset denominated in currencies other than sterling is considered insignificant, therefore, no currency sensitivity has been disclosed in these financial statements.

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £4,000 (31/10/22: £10,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £4,000 (31/10/22: £10,000). These calculations assume all other variables remain constant.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £21,976,000 (31/10/22: £19,739,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £21,976,000 (31/10/22: £19,739,000). These calculations assume all other variables remain constant.

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	72,804	137,213	16,366	226,383
Euro	385	263	3	651
US dollar	3,600	–	106	3,706
<b>Total</b>	<b>76,789</b>	<b>137,476</b>	<b>16,475</b>	<b>230,740</b>

<b>31 Oct 2022</b>				
Sterling	55,047	134,474	11,640	201,161
Euro	23	–	–	23
US dollar	1,890	–	75	1,965
<b>Total</b>	<b>56,960</b>	<b>134,474</b>	<b>11,715</b>	<b>203,149</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	2,747	2,747
Euro	–	4	4
US dollar	–	96	96
<b>Total</b>	<b>–</b>	<b>2,847</b>	<b>2,847</b>

<b>31 Oct 2022</b>			
Sterling	–	2,826	2,826
<b>Total</b>	<b>–</b>	<b>2,826</b>	<b>2,826</b>

Based on 2023 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £2,559,000 (31/10/22: £2,472,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/01/23, would change by £1,525,000 (31/10/22: £1,274,000).

A change of 3% in the prevailing interest rates would result in a change of 0.02% (31/10/22: 0.03%) to the value of the Fund. A change of 1% in the prevailing interest rates would result in a change of 0.01% (31/10/22: 0.01%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	140,443	61.62	133,244	66.53
Investments of below investment grade	22,259	9.77	12,870	6.43
Unrated bonds	47,948	21.04	44,843	22.40
<b>Total bonds</b>	<b>210,650</b>	<b>92.43</b>	<b>190,957</b>	<b>95.36</b>
Swaps – asset	10,056	4.41	8,790	4.35
Forward currency contracts – assets	32	0.01	34	0.02
<b>Investments as shown in the balance sheet</b>	<b>220,738</b>	<b>96.85</b>	<b>199,781</b>	<b>99.73</b>
Swaps – liabilities	(974)	(0.42)	(2,387)	(1.19)
Forward currency contracts – liabilities	(1)	–	–	–
<b>Total value of investments</b>	<b>219,763</b>	<b>96.43</b>	<b>197,394</b>	<b>98.54</b>

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

#### Global Exposure

The use of derivatives (whether for hedging or investment purposes) may give rise to an additional leveraged exposure, any such additional exposure will be monitored using the Value at Risk ("VaR") methodology in accordance with UCITS requirements.

The VaR approach represents a statistical method for calculating the loss potential on the basis of value changes in the entire Fund.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

#### Global Exposure – continued

The Royal London Diversified Asset-Backed Securities Fund will use the “Absolute VaR” model which aims to ensure that on any day, the value at risk of the Fund, measured using a 20 business day holding period, using a one-tailed confidence interval of 99% and a medium term historical observation period of at least 1 year, will be no greater than 10% of the Net Asset Value of the Fund.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VaR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.

The following table shows the minimum, maximum, year end and average Absolute VaR for the Fund for the financial year ended 2023 and financial year ended 2022. These figures have been derived from the daily historical VaR calculations, with the gross leverage presented as at financial year ended 31 October 2023 and the year ended 31 October 2022.

	Financial year ended	
	31 Oct 2023	31 Oct 2022
Max VaR	3.32%	3.18%
Min VaR	1.73%	2.50%
Average VaR	2.85%	2.89%

### 16. Portfolio transaction costs

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	164,579	202,323
Total Corporate actions	39,716	71
Total sales	104,565	162,692

At the balance sheet date the portfolio dealing spread was 1.08% (31/10/22: 1.10%).

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

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	201,918	8,732	210,650
Derivatives	–	10,088	–	10,088
<b>Total</b>	<b>–</b>	<b>212,006</b>	<b>8,732</b>	<b>220,738</b>
<b>Investment liabilities</b>				
Derivatives	–	(975)	–	(975)
<b>Total</b>	<b>–</b>	<b>(975)</b>	<b>–</b>	<b>(975)</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments – continued

As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	182,361	8,596	190,957
Derivatives	–	8,824	–	8,824
<b>Total</b>	<b>–</b>	<b>191,185</b>	<b>8,596</b>	<b>199,781</b>
<b>Investment liabilities</b>				
Derivatives	–	(2,387)	–	(2,387)
<b>Total</b>	<b>–</b>	<b>(2,387)</b>	<b>–</b>	<b>(2,387)</b>

At the current year end, the level 3 assets held were the following Deco 2019-RAM DAC FRN 7/8/2030, Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Varsity Funding 8.7915% Step 24/7/2026, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, MIELI London 4.82% 12/8/2027, Eskmuir Group Finance 4.255% 12/12/2047, Charm Finance 3.509% 12/4/2048, Road Management Services 3.642% IL 31/3/2028, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX, Mercantile Investment Trust 4.25% perpetual and Law Debenture 6.125% 12/10/2034.

At the prior year end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1', 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Eskmuir Group Finance 4.255% 12/12/2047, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, MIELI London 4.82% 12/8/2027, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023, Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX, Varsity Funding 8.7915% Step 24/7/2026, Charm Finance 3.509% 12/4/2048, Mercantile Investment Trust 4.25% perpetual, Law Debenture 6.125% 12/10/2034 and Road Management Services 3.642% IL 31/3/2028.

The fair value of Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Charm Finance 3.509% 12/4/2028, Deco 2019-RAM DAC FRN 7/8/2030, Road Management Services 3.642% IL 31/3/2028, Law Debenture 6.125% 12/10/2034 and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX at both current year end and prior year end were based on a single broker quote.

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

Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Varsity Funding 8.7915% Step 24/7/2026, Metrocentre New Money Note Sonia + 11% PIK 6/12/2023 and MIELI London 4.82% 12/8/2027 are priced by the Investment Adviser using an internal pricing model.

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £238,793,713. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 4.43%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class R Accumulation</b>				
Group 1	1.5348	–	1.5348	0.6839
Group 2	1.3873	0.1475	1.5348	0.6839
<b>Class S Accumulation</b>				
Group 1	1.5201	–	1.5201	0.6777
Group 2	1.5201	0.0000	1.5201	0.6777
<b>Class Z Accumulation</b>				
Group 1	1.7203	–	1.7203	0.7010
Group 2	1.0494	0.6709	1.7203	0.7010
<b>Class Z Income</b>				
Group 1	1.2432	–	1.2432	0.2408
Group 2	1.2432	0.0000	1.2432	0.2408

#### Second Interim

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class R Accumulation</b>				
Group 1	1.3218	–	1.3218	0.8765
Group 2	0.9950	0.3268	1.3218	0.8765
<b>Class S Accumulation</b>				
Group 1	1.3061	–	1.3061	0.8680
Group 2	0.9856	0.3205	1.3061	0.8680
<b>Class Z Accumulation</b>				
Group 1	1.4642	–	1.4642	0.9355
Group 2	1.0204	0.4438	1.4642	0.9355
<b>Class Z Income</b>				
Group 1	1.0411	–	1.0411	0.6898
Group 2	1.0411	0.0000	1.0411	0.6898

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 29/09/2023	Distribution paid 30/09/22
<b>Class R Accumulation</b>				
Group 1	1.8463	–	1.8463	0.7967
Group 2	1.8463	0.0000	1.8463	0.7967
<b>Class S Accumulation</b>				
Group 1	1.8298	–	1.8298	0.7892
Group 2	1.8298	0.0000	1.8298	0.7892
<b>Class Z Accumulation</b>				
Group 1	2.0983	–	2.0983	0.8359
Group 2	1.0164	1.0819	2.0983	0.8359
<b>Class Z Income</b>				
Group 1	1.4745	–	1.4745	0.6092
Group 2	1.4745	0.0000	1.4745	0.6092

**Final**

Group 1: Shares purchased prior to 1 August 2023

Group 2: Shares purchased between 1 August 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class R Accumulation</b>				
Group 1	1.9982	–	1.9982	1.1919
Group 2	1.9982	0.0000	1.9982	1.1919
<b>Class S Accumulation</b>				
Group 1	1.9793	–	1.9793	1.1806
Group 2	1.9793	0.0000	1.9793	1.1806
<b>Class Z Accumulation</b>				
Group 1	2.2624	–	2.2624	1.3106
Group 2	1.0203	1.2421	2.2624	1.3106
<b>Class Z Income</b>				
Group 1	1.5768	–	1.5768	0.9544
Group 2	0.7987	0.7781	1.5768	0.9544

# Royal London Short Duration Gilts Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Short Duration Gilts Fund, Class M Income	2.13	-3.17	-0.73
Royal London Short Duration Gilts Fund, Class R Accumulation	2.37	-2.52	0.30
Royal London Short Duration Gilts Fund, Class S Income	2.34	-2.52	–
Royal London Short Duration Gilts Fund, Class Z Income	2.20	-2.92	-0.38
FTSE® Actuaries UK Conventional Gilts up to 5 Years Index	1.64	-4.58	-1.91
IA UK Gilt TR	-6.18	-31.05	-19.51

Class S Income launched on 9 April 2019. Class N Accumulation launched 18 August 2023 therefore no performance is disclosed.

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

### Performance overview

During the period under review, the Fund has outperformed its benchmark but is further ahead of the IA all-maturity Gilts peer group. Over the 3-year and 5-year periods, the Fund is well ahead of both its benchmark and peers.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve (Fed), European Central Bank and Bank of England (BoE) to raise rates numerous times.

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

### Portfolio commentary

During the twelve-month period, we saw extreme volatility in government bond markets, with largely two key themes playing out: in particular, falling consumer inflation from very high summer peaks alongside slow economic growth; and central banks consistently raising rates, whilst suggesting rates will need to stay higher for longer.

During the early months of 2023 the Fund was positioned for higher yields relative to the benchmark. The Fund then reversed this, positioning for lower yields position during the summer of 2023 when the peak in UK base rates was being priced in excess of 6% – which we then traded tactically throughout the period.

We saw UK gilts as a strong outperformer versus their overseas counterparts. Towards the end of the third quarter of 2023, however, we picked up dollar market bonds, namely in the US and Australia – selling five and 30-year gilts into these markets as they offered additional yield.

## Manager's Investment Report (continued)

### Investment outlook

We believe that whilst inflation will fall sharply in the last months of 2023 and into 2024, it is likely to remain well above target in most economies by the end of the year, and particularly so in the UK. Shallow recessions are possible but are unlikely to be deep enough at this stage to ease the excessive tightness seen in labour markets. As we approach 2024, central banks are at or close to peak rates, and markets are preparing themselves for cuts, starting in second half of 2024.

In the UK, the market is now assuming base rates have peaked at 5.25%, with the first cut priced in for H2 2024, and falling to a level of around 3.75% by late 2026. At one point in early July the market was pricing peak rates closer to 6.5%. Government bond markets have moved a long way during the last few months, particularly in the UK where five-year gilts have fallen significantly from their summer peak.

Supply will be an issue for the market over the next few years, with around £200bn per annum forecast over each of the next five years. Alongside quantitative tightening (where the BoE is selling its gilt holdings back into the market), this will represent a headwind for gilts. However, when comparing gilts with global equivalents, we feel that this is already at least partially reflected in prices.

**Ben Nicholl**

**Fund Manager**

**Royal London Asset Management Limited**

**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	94.86	99.70	101.31
Return before operating charges*	2.27	(3.53)	(1.14)
Operating charges	(0.27)	(0.28)	(0.29)
Return after operating charges*	2.00	(3.81)	(1.43)
Distributions on income shares	(3.14)	(1.03)	(0.18)
<b>Closing net asset value per share</b>	<b>93.72</b>	<b>94.86</b>	<b>99.70</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	2.11%	(3.82)%	(1.41)%
<b>Other information</b>			
Closing net asset value (£'000)	531,939	405,812	212,720
Closing number of shares	567,570,855	427,787,909	213,368,451
Operating charges	0.29%	0.29%	0.29%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	96.74	100.50	101.50
Lowest share price	92.10	92.91	99.85

### Class N Accumulation\*\*

Change in net assets per share	31/10/23 (p)
Opening net asset value per share	100.00
Return before operating charges*	2.42
Operating charges	(0.01)
Return after operating charges*	2.41
Distributions on accumulation shares	(0.83)
Retained distributions on accumulation shares	0.83
<b>Closing net asset value per share</b>	<b>102.41</b>
* after direct transaction costs of:	–
<b>Performance</b>	
Return after charges	2.41%
<b>Other information</b>	
Closing net asset value (£'000)	224,581
Closing number of shares	219,297,795
Operating charges	0.04%
Direct transaction costs	–
<b>Prices<sup>^</sup></b>	
Highest share price	102.60
Lowest share price	100.00

\*\* Class N Accumulation launched on 18 August 2023.

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	98.24	101.95	103.21
Return before operating charges*	2.37	(3.62)	(1.17)
Operating charges	(0.09)	(0.09)	(0.09)
Return after operating charges*	2.28	(3.71)	(1.26)
Distributions on accumulation shares	(3.28)	(1.05)	(0.18)
Retained distributions on accumulation shares	3.28	1.05	0.18
<b>Closing net asset value per share</b>	<b>100.52</b>	<b>98.24</b>	<b>101.95</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	2.32%	(3.64)%	(1.22)%
<b>Other information</b>			
Closing net asset value (£'000)	258,659	430,413	384,418
Closing number of shares	257,314,502	438,119,037	377,060,350
Operating charges	0.09%	0.09%	0.09%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	100.70	102.80	103.40
Lowest share price	96.88	95.47	102.00

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	95.29	99.93	101.33
Return before operating charges*	2.29	(3.54)	(1.15)
Operating charges	(0.07)	(0.07)	(0.07)
Return after operating charges*	2.22	(3.61)	(1.22)
Distributions on income shares	(3.16)	(1.03)	(0.18)
<b>Closing net asset value per share</b>	<b>94.35</b>	<b>95.29</b>	<b>99.93</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	2.33%	(3.61)%	(1.20)%
<b>Other information</b>			
Closing net asset value (£'000)	5	5	5
Closing number of shares	5,000	5,000	5,000
Operating charges	0.07%	0.07%	0.07%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	97.23	100.80	101.60
Lowest share price	92.65	93.31	100.10

## Comparative Tables (continued)

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	95.42	100.21	101.76
Return before operating charges*	2.29	(3.54)	(1.15)
Operating charges	(0.21)	(0.22)	(0.22)
Return after operating charges*	2.08	(3.76)	(1.37)
Distributions on income shares	(3.16)	(1.03)	(0.18)
<b>Closing net asset value per share</b>	<b>94.34</b>	<b>95.42</b>	<b>100.21</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	2.18%	(3.75)%	(1.35)%
<b>Other information</b>			
Closing net asset value (£'000)	316,571	373,128	261,461
Closing number of shares	335,577,487	391,048,508	260,910,672
Operating charges	0.22%	0.22%	0.22%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	97.33	101.10	102.00
Lowest share price	92.68	93.44	100.40

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Certificates of Deposit – 1.08% (31/10/22 – 0.61%)</b>			
£10,000,000	ANZ 0.00% 10/10/2024	9,482	0.71
£2,500,000	BNP Paribas 4.84% 27/2/2024	2,493	0.19
£2,500,000	Nordea Bank 0.00% 27/2/2024	2,456	0.18
<b>Total Certificates of Deposit</b>		<b>14,431</b>	<b>1.08</b>
<b>Commercial Mortgage Backed Securities – 0.05% (31/10/22 – 0.11%)</b>			
£6,413,000	Income Contingent Student Loan 2 FRN 24/7/2058	639	0.05
<b>Total Commercial Mortgage Backed Securities</b>		<b>639</b>	<b>0.05</b>
<b>Corporate Bonds – 2.78% (31/10/22 – 3.33%)</b>			
£2,500,000	Bank of Nova Scotia FRN 9/11/2024	2,511	0.19
£1,400,000	Banque Federative du Credit Mutuel 1.875% 26/10/2028	1,169	0.09
£3,903,000	DNB Bank 1.375% variable 2/12/2025	3,704	0.28
£3,583,000	Leeds Building Society 1.375% 6/10/2027	2,995	0.23
£6,038,000	Lloyds Bank 5.125% 7/3/2025	6,007	0.45
£1,300,000	Muenchener Hypothekenbank 0.5% 11/12/2024	1,228	0.09
£2,459,000	National Australia Bank FRN 17/6/2026	2,461	0.18
£1,650,000	Nordea Bank Abp 6% variable 2/6/2026	1,649	0.12
£4,447,000	OP Corporate Bank 3.375% 14/1/2026	4,227	0.32
£5,598,000	PRS Finance 1.75% 24/11/2026	4,810	0.36
£2,765,000	Royal Bank of Canada 1% 9/9/2026	2,438	0.18
£2,014,000	Skandinaviska Enskilda Banken 5.5% 1/6/2026	1,999	0.15
£1,818,000	TSB Bank FRN 14/2/2027	1,820	0.14
<b>Total Corporate Bonds</b>		<b>37,018</b>	<b>2.78</b>
<b>Government Bonds – 96.23% (31/10/22 – 93.30%)</b>			
£2,000,000	CPPIB Capital 0.875% 17/12/2024	1,900	0.14
£642,000	Development Bank of Japan 4.5% 6/6/2025	632	0.05
£1,900,000	Dexia Credit Local 1.25% 21/7/2025	1,770	0.13
AUD\$48,000,000	Government of Australia 1% 21/12/2030	19,394	1.47
£1,341,000	KfW 1.125% 4/7/2025	1,255	0.09
£183,000,000	UK Treasury 0.25% 31/1/2025	173,028	12.99
£27,000,000	UK Treasury 0.125% 31/1/2024	26,674	2.00
£79,000,000	UK Treasury 0.125% 30/1/2026	71,853	5.40
£106,000,000	UK Treasury 0.125% 31/1/2028	88,868	6.67
£88,000,000	UK Treasury 0.375% 22/10/2026	78,126	5.87
£228,000,000	UK Treasury 0.5% 31/1/2029	186,748	14.02
£30,000,000	UK Treasury 1% 22/4/2024	29,442	2.21
£45,000,000	UK Treasury 2% 7/9/2025	42,922	3.22
£259,000,000	UK Treasury 3.5% 22/10/2025	252,836	18.98
£298,000,000	UK Treasury 4.125% 29/1/2027	294,007	22.08
\$17,504,000	US Treasury 1.625% 15/8/2029	12,093	0.91
<b>Total Government Bonds</b>		<b>1,281,548</b>	<b>96.23</b>
<b>Forward Currency Contracts – (0.02%) (31/10/22 – 0.07%)</b>			
	Buy £9,692,900 & Sell AUD18,493,000 <sup>†</sup>	26	–
	Buy £24,119,316 & Sell \$29,616,834 <sup>†</sup>	(274)	(0.02)
	Buy \$12,416,566 & Sell AUD19,520,723 <sup>†</sup>	23	–
	Buy \$2,423,852 & Sell £1,995,888 <sup>†</sup>	0	–
<b>Total Forward Currency Contracts</b>		<b>(225)</b>	<b>(0.02)</b>
<b>Total value of investments*</b>		<b>1,333,411</b>	<b>100.12</b>
<b>Net other liabilities</b>		<b>(1,656)</b>	<b>(0.12)</b>
<b>Total net assets</b>		<b>1,331,755</b>	<b>100.00</b>

<sup>†</sup> Unlisted

\* Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.5% 31/1/2029	522,965
UK Treasury 4.125% 29/1/2027	414,603
UK Treasury 3.5% 22/10/2025	312,280
UK Treasury 0.25% 31/1/2025	183,472
UK Treasury 0.75% 22/7/2023	171,986
UK Treasury 0.125% 31/1/2024	165,384
UK Treasury 0.375% 22/10/2026	127,879
UK Treasury 2% 7/9/2025	94,200
UK Treasury 0.125% 31/1/2028	87,867
UK Treasury 1% 22/4/2024	77,840
<b>Subtotal</b>	<b>2,158,476</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>2,671,232</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.375% 22/10/2026	352,478
UK Treasury 0.5% 31/1/2029	339,360
UK Treasury 0.25% 31/1/2025	296,447
UK Treasury 0.125% 31/1/2024	279,969
UK Treasury 0.75% 22/7/2023	197,090
UK Treasury 0.125% 31/1/2023	195,178
UK Treasury 4.125% 29/1/2027	155,066
UK Treasury 2.25% 7/9/2023	134,946
UK Treasury 0% 8/5/2023	59,516
UK Treasury 0.125% 22/3/2024	59,259
<b>Subtotal</b>	<b>2,069,309</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>2,523,096</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(11,799)	(52,209)
Revenue	3	40,017	11,656
Expenses	4	(2,536)	(2,066)
Interest payable and similar charges		(34)	(5)
Net revenue before taxation		37,447	9,585
Taxation	5	–	–
Net revenue after taxation		37,447	9,585
Total return/(deficit) before distributions		25,648	(42,624)
Distributions	6	(39,983)	(11,651)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(14,335)</b>	<b>(54,275)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		1,333,685	1,178,213
<b>Current assets:</b>			
Debtors	7	18,990	11,254
Cash and bank balances	8	21,518	26,015
<b>Total assets</b>		<b>1,374,193</b>	<b>1,215,482</b>
<b>Liabilities</b>			
Investment liabilities		274	–
<b>Creditors:</b>			
Bank overdraft		153	–
Other creditors	9	25,864	152,363
Distribution payable		16,147	5,926
<b>Total liabilities</b>		<b>42,438</b>	<b>158,289</b>
<b>Net assets attributable to shareholders</b>		<b>1,331,755</b>	<b>1,057,193</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>1,209,358</b>	<b>858,604</b>
Amounts receivable on creation of shares	676,206	684,002
Amounts payable on cancellation of shares	(550,721)	(283,596)
	125,485	400,406
Dilution adjustment charged	236	179
Change in net assets attributable to shareholders from investment activities	(14,335)	(54,275)
Retained distribution on accumulation shares	11,011	4,444
<b>Closing net assets attributable to shareholders</b>	<b>1,331,755</b>	<b>1,209,358</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(12,995)	(49,088)
Derivative securities	–	38
Currency (losses)/gains	(1,222)	769
Forward currency contracts	2,418	(3,928)
<b>Net capital losses</b>	<b>(11,799)</b>	<b>(52,209)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	39,209	11,341
Bank interest	432	67
Stock lending income	376	248
<b>Total revenue</b>	<b>40,017</b>	<b>11,656</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	2,536	2,066
<b>Total expenses</b>	<b>2,536</b>	<b>2,066</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax at 20%	–	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	37,447	9,585
Corporation tax at 20% (31/10/22: 20%)	7,489	1,917
Effects of:		
Current year expenses(utilised)/ unutilised	–	(5)
Tax deductible interest distributions	(7,236)	(1,912)
Tax relief on index-linked gilts	(253)	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>–</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	4,363	1,195
Final	6,648	3,249
	11,011	4,444
<b>Income shares</b>		
Interim	11,618	2,105
Final	16,147	5,926
	27,765	8,031
<b>Net distributions for the year</b>	<b>38,776</b>	<b>12,475</b>
Add: Amounts deducted on cancellation of shares	5,116	747
Deduct: Amounts received on the creation of shares	(3,909)	(1,571)
<b>Gross interest distributions for the year</b>	<b>39,983</b>	<b>11,651</b>

The difference between the net (expenses)/revenue after taxation and the distribution paid is as follows:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	37,447	9,585
Expenses charged to capital	2,536	2,066
<b>Gross interest distributions for the year</b>	<b>39,983</b>	<b>11,651</b>

Details of the distribution per share are set out on page 171.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	121	9,826
Sales awaiting settlement	13,960	–
Accrued revenue	4,909	1,428
<b>Total debtors</b>	<b>18,990</b>	<b>11,254</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	21,365	26,015
Amounts held at futures clearing houses and brokers	153	–
<b>Total cash and bank balances</b>	<b>21,518</b>	<b>26,015</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	12,788	152,165
Purchases awaiting settlement	12,850	–
Accrued expenses	226	198
<b>Total other creditors</b>	<b>25,864</b>	<b>152,363</b>

### 10. Reconciliation of number of shares

	Class M Income	Class N Accumulation
Opening shares at 01/11/22	427,787,909	–
Shares issued	299,546,650	219,477,932
Shares cancelled	(159,763,704)	(180,137)
<b>Closing shares at 31/10/23</b>	<b>567,570,855</b>	<b>219,297,795</b>

	Class R Accumulation	Class S Income
Opening shares at 01/11/22	438,119,037	5,000
Shares issued	34,282,351	–
Shares cancelled	(215,086,886)	–
<b>Closing shares at 31/10/23</b>	<b>257,314,502</b>	<b>5,000</b>

	Class Z Income
Opening shares at 01/11/22	391,048,508
Shares issued	144,710,644
Shares cancelled	(200,181,665)
<b>Closing shares at 31/10/23</b>	<b>335,577,487</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due to/from Royal London Unit Trust Managers Limited in respect of these transactions was £12,893,000 (31/10/22: £9,628,000).

At the year end, 31 October 2023, 15.23% (31/10/22: 27.96%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £94,000 (Gross: £470,000) (31/10/22: £62,000 (Gross: £310,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £181,850,518 (31/10/22: £176,866,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	186,267	185,709

The aggregate value of collateral held at the balance sheet date was £186,267,000 (31/10/22: £185,709,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were BNP Paribas London, HSBC Bank, Lloyds Bank Corporate Markets, Merrill Lynch International, MUFG Securities EMEA, Nomura International, Royal Bank of Canada Europe Branch.

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on page 162, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclay Bank	26	–
Royal Bank of Canada	23	790

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 164. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	1,332,013	1,209,029
Australian dollar	(385)	–
Canadian dollar	1	1
Euro	153	148
US dollar	(27)	180
<b>Total</b>	<b>1,331,755</b>	<b>1,209,358</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by (£26,000) (31/10/22: £33,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by (£26,000) (31/10/22: £33,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £133,341,000 (31/10/22: £117,821,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £133,341,000 (31/10/22: £117,821,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	36,638	1,274,935	30,789	1,342,362
Australian dollar	1	19,394	139	19,534
Canadian dollar	1	–	–	1
Euro	153	–	–	153
US dollar	1	12,093	49	12,143
<b>Total</b>	<b>36,794</b>	<b>1,306,422</b>	<b>30,977</b>	<b>1,374,193</b>

<b>31 Oct 2022</b>				
Sterling	33,981	1,120,533	13,625	1,168,139
Euro	148	–	–	148
Canadian dollar	1	–	–	1
US dollar	1	46,385	808	47,194
<b>Total</b>	<b>34,131</b>	<b>1,166,918</b>	<b>14,433</b>	<b>1,215,482</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	42,164	42,164
US dollar	–	274	274
<b>Total</b>	<b>–</b>	<b>42,438</b>	<b>42,438</b>

<b>31 Oct 2022</b>			
Sterling	–	6,124	6,124
<b>Total</b>	<b>–</b>	<b>6,124</b>	<b>6,124</b>

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £222,000 (31/10/22: £177,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £74,000 (31/10/22: £59,000).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

A change of 3% in the prevailing interest rates would result in a change of 0.08% (31/10/22: 0.06%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.03% (31/10/22: 0.02%) to the value of the Fund.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	1,318,566	99.01	1,170,009	96.74
Unrated bonds	639	0.05	–	–
<b>Total bonds</b>	<b>1,319,205</b>	<b>99.06</b>	<b>1,170,009</b>	<b>96.74</b>
Certificates of deposit	14,431	1.08	7,414	0.61
Forward currency contracts – assets	49	–	790	0.07
<b>Investments as shown in the balance sheet</b>	<b>1,333,685</b>	<b>100.14</b>	<b>1,178,213</b>	<b>97.42</b>
Forward currency contracts – liabilities	(274)	(0.02)	–	–
<b>Total value of investments</b>	<b>1,333,411</b>	<b>100.12</b>	<b>1,178,213</b>	<b>97.42</b>

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

### 16. Portfolio transaction costs

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total Bond purchases transactions	2,656,897	3,149,207
Total cash and deposits purchases transactions	14,335	7,369
Total Bond sales transactions	2,523,096	2,793,844

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.04% (31/10/22: 0.09%).

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

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	1,319,205	–	1,319,205
Certificate of deposit	–	14,431	–	14,431
Derivatives	–	49	–	49
<b>Total</b>	<b>–</b>	<b>1,333,685</b>	<b>–</b>	<b>1,333,685</b>
<b>Investment liabilities</b>				
Derivatives	–	(274)	–	(274)
<b>Total</b>	<b>–</b>	<b>(274)</b>	<b>–</b>	<b>(274)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	1,170,009	–	1,170,009
Certificate of deposit	–	7,414	–	7,414
Derivatives	–	790	–	790
<b>Total</b>	<b>–</b>	<b>1,178,213</b>	<b>–</b>	<b>1,178,213</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £1,368,812,706. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 1.04%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### INTERIM

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Income</b>				
Group 1	1.3535	–	1.3535	0.3039
Group 2	0.7029	0.6506	1.3535	0.3039
<b>Class R Accumulation</b>				
Group 1	1.4024	–	1.4024	0.3109
Group 2	0.3942	1.0082	1.4024	0.3109
<b>Class S Income</b>				
Group 1	1.3604	–	1.3604	0.3048
Group 2	1.3604	0.0000	1.3604	0.3048
<b>Class Z Income</b>				
Group 1	1.3617	–	1.3617	0.3055
Group 2	0.7568	0.6049	1.3617	0.3055

#### FINAL

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Income</b>				
Group 1	1.7836	–	1.7836	0.7217
Group 2	1.1394	0.6442	1.7836	0.7217
<b>Class N Accumulation*</b>				
Group 1	0.8297	–	0.8297	–
Group 2	0.3644	0.4653	0.8297	–
<b>Class R Accumulation</b>				
Group 1	1.8766	–	1.8766	0.7415
Group 2	0.6411	1.2355	1.8766	0.7415
<b>Class S Income</b>				
Group 1	1.7946	–	1.7946	0.7248
Group 2	1.7946	0.0000	1.7946	0.7248
<b>Class Z Income</b>				
Group 1	1.7949	–	1.7949	0.7259
Group 2	0.9749	0.8200	1.7949	0.7259

\* Class N Accumulation launched on 18 August 2023.

# Royal London Short Term Fixed Income Enhanced Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year return %	3 year return %	5 year return %
Royal London Short Term Fixed Income Enhanced Fund, Class R Accumulation	5.51	4.16	7.65
Royal London Short Term Fixed Income Enhanced Fund, Class S Accumulation	5.51	4.16	–
Royal London Short Term Fixed Income Enhanced Fund, Class S Income	5.50	4.16	–
Royal London Short Term Fixed Income Enhanced Fund, Class Y Accumulation	5.35	3.70	6.85
Royal London Short Term Fixed Income Enhanced Fund, Class Y Income	5.35	3.70	6.85
Royal London Short Term Fixed Income Enhanced Fund, Class Z Accumulation	5.52	4.20	7.32
Sterling Overnight Index Average Rate (SONIA)	4.25	5.24	6.23
Sterling Overnight Index Average Rate (SONIA) +1% p.a.	5.25	8.24	11.23

Class S Accumulation and Class S Income launched on 9 April 2019.

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

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

### Performance overview

The Fund performed well over the period, beating its benchmark index and performance target.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

The backdrop of rising interest rates and inflation meant that money market rates have also increased, with the sterling overnight index average or SONIA (which reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions) rose from 2.18% at the end of October 2022 to 5.18% by August 2023 and then remained at this level until the end of October 2023. Over the same period, two-year gilt yields, which are often seen as a proxy for future interest rate expectations, rose from 3.02% to a high of 5.38%, before settling back to end the period at 4.79% as the market started to price in rate cuts by the Bank of England.

### Portfolio commentary

The period was dominated by interest rates rises and then speculation around when these might start to fall. However, there was also uncertainty about the strength of the financial system early in 2023 with the collapse of Silicon Valley Bank (SVB) and Credit Suisse. Although this was relatively short-lived, it did cause market volatility. We have an established, proven process for assessing the strength of the banks we invest in, and this again proved helpful. The Fund had no exposure of any kind to SVB, and no deposits or subordinated exposure to Credit Suisse – with the Fund having a modest (less than 0.5%) exposure to senior short-dated Credit Suisse bonds (senior bonds ranking higher than subordinated). These did fall in price initially, but then largely recovered these, with these subsequently sold based on our view that we already held a small amount of UBS senior bonds and therefore did not want excessive exposure to the new combined entity.

During this period, the uncertainty in the financial system led to outflows from the Fund in March. The Fund places an emphasis on high quality exposure in money market instruments, meaning we were able to meet investors' increased need for cash without having to be a 'forced seller' or focus our sales on one particular part of the market and hence changing the shape of the portfolios and thus disadvantaging other investors.

## Manager's Investment Report (continued)

### Portfolio commentary – continued

Although interest rates have moved significantly, we have made no major change to our process or positioning over the period. The gradual increase in rates was in line with our expectations, and we were cautiously positioned to benefit from this, primarily by focusing on short-dated, high quality certificates of deposit, UK government treasury bills and overnight deposits. We also added selectively to floating rate certificates of deposit – the rate these pay goes up as wider interest rates increase and this provides some protection against further increases.

Covered bonds remain roughly one-third of the overall portfolio. These are floating rate bonds with the bond payments secured on high quality mortgages. Covered bonds are regulated by the Bank of England. During the year, we have tended to add small amounts of these bonds, issued by the likes of Nationwide and Santander, with these paying an attractive premium to SONIA. These also added to performance over the year.

Short-dated corporate bonds also account for one-third of the portfolio. These are generally in areas such as senior bank bonds, as well as structured bonds, where payments are backed by underlying assets such as property. Although these bonds are more affected by movements in yields, they also offer very attractive yields, and this helps enhance overall yields and returns for the year.

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

Market attention has turned from predicting where the peak of UK interest rates would be, to when the Bank of England will start to cut these once more. At the time of writing, most market forecasts through the UK rates were either at the peak for now, or that one more rate increase may be needed. The path and timing of rate cuts will depend on how fast inflation comes down and whether the economy starts to show signs of slowing.

**Tony Cole & Craig Inches**  
**Fund Managers**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	102.05	103.91	103.40
Return before operating charges*	5.73	(1.83)	0.54
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	5.70	(1.86)	0.51
Distributions on accumulation shares	(3.96)	(1.36)	(0.88)
Retained distributions on accumulation shares	3.96	1.36	0.88
<b>Closing net asset value per share</b>	<b>107.75</b>	<b>102.05</b>	<b>103.91</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.59%	(1.79)%	0.49%
<b>Other information</b>			
Closing net asset value (£'000)	766,017	868,855	1,424,780
Closing number of shares	710,928,283	851,368,248	1,371,138,059
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.75	104.28	104.34
Lowest share price	102.22	100.86	103.52

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	101.06	102.90	102.40
Return before operating charges*	5.67	(1.81)	0.53
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	5.64	(1.84)	0.50
Distributions on accumulation shares	(3.92)	(1.35)	(0.87)
Retained distributions on accumulation shares	3.92	1.35	0.87
<b>Closing net asset value per share</b>	<b>106.70</b>	<b>101.06</b>	<b>102.90</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.58%	(1.79)%	0.49%
<b>Other information</b>			
Closing net asset value (£'000)	59,939	8,899	291,383
Closing number of shares	56,175,192	8,805,774	283,164,031
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	106.70	103.27	103.32
Lowest share price	101.22	99.88	102.51

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	96.86	99.94	100.30
Return before operating charges*	5.38	(1.75)	0.52
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	5.35	(1.78)	0.49
Distributions on income shares	(3.70)	(1.30)	(0.85)
<b>Closing net asset value per share</b>	<b>98.51</b>	<b>96.86</b>	<b>99.94</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.52%	(1.78)%	0.49%
<b>Other information</b>			
Closing net asset value (£'000)	37,431	318,217	383,665
Closing number of shares	37,998,717	328,518,056	383,885,575
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	99.80	100.30	100.79
Lowest share price	97.02	96.22	100.17

### Class Y Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	104.11	106.17	105.80
Return before operating charges*	5.83	(1.87)	0.56
Operating charges	(0.19)	(0.19)	(0.19)
Return after operating charges*	5.64	(2.06)	0.37
Distributions on accumulation shares	(3.87)	(1.23)	(0.74)
Retained distributions on accumulation shares	3.87	1.23	0.74
<b>Closing net asset value per share</b>	<b>109.75</b>	<b>104.11</b>	<b>106.17</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.42%	(1.94)%	0.35%
<b>Other information</b>			
Closing net asset value (£'000)	105,887	221,881	398,692
Closing number of shares	96,476,721	213,121,493	375,539,703
Operating charges	0.18%	0.18%	0.18%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	109.75	106.52	106.62
Lowest share price	104.28	102.91	105.92

## Comparative Tables (continued)

### Class Y Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	95.64	98.68	99.03
Return before operating charges*	5.31	(1.72)	0.52
Operating charges	(0.18)	(0.18)	(0.18)
Return after operating charges*	5.13	(1.90)	0.34
Distributions on income shares	(3.51)	(1.14)	(0.69)
<b>Closing net asset value per share</b>	<b>97.26</b>	<b>95.64</b>	<b>98.68</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.36%	(1.93)%	0.34%
<b>Other information</b>			
Closing net asset value (£'000)	454,579	808,725	404,558
Closing number of shares	467,384,182	845,592,703	409,973,580
Operating charges	0.18%	0.18%	0.18%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	98.50	99.01	99.48
Lowest share price	95.79	94.98	98.87

### Class Z Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	104.87	106.76	106.23
Return before operating charges*	5.88	(1.87)	0.55
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges*	5.86	(1.89)	0.53
Distributions on accumulation shares	(4.08)	(1.41)	(0.91)
Retained distributions on accumulation shares	4.08	1.41	0.91
<b>Closing net asset value per share</b>	<b>110.73</b>	<b>104.87</b>	<b>106.76</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.59%	(1.77)%	0.50%
<b>Other information</b>			
Closing net asset value (£'000)	3	2	3
Closing number of shares	2,359	2,359	2,359
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	110.73	107.14	107.20
Lowest share price	105.03	103.64	106.35

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Certificates of Deposit – 31.29% (31/10/22 – 17.87%)</b>			
£10,000,000	Barclays 4.72% 8/2/2024	9,981	0.70
£16,666,667	Barclays 4.74% 9/2/2024	16,635	1.17
£5,000,000	Barclays 6.36% 19/8/2024	5,027	0.35
£25,000,000	Commonwealth Bank of Australia 5.70% 30/4/2024	25,005	1.76
£15,000,000	Co-operative Rabobank 6.03% 23/9/2024	15,040	1.06
£25,000,000	Credit Industriel et Commercial 0% 20/2/2024	24,585	1.73
£15,000,000	Credit Industriel et Commercial 0% 2/5/2024	14,586	1.03
£25,000,000	DNB Bank 6.16% 8/8/2024	25,061	1.76
£5,000,000	Goldman Sachs 0% 19/9/2024	4,758	0.33
£25,000,000	ING Bank 0% 13/2/2024	24,609	1.73
£50,000,000	Lloyds Bank Corporate Markets 5.718% 14/8/2024	50,048	3.52
£12,500,000	Macquarie Bank 0% 1/8/2024	11,986	0.84
£10,000,000	Macquarie Bank 0% 1/10/2024	9,499	0.67
£10,000,000	National Bank of Abu Dhabi 4.58% 9/11/2023	9,998	0.70
£15,000,000	National Westminster Bank 5.85% 27/9/2024	15,007	1.05
£50,000,000	Natixis Securities 4.72% 22/2/2024	49,853	3.50
£10,000,000	Skandinaviska Enskilda Banken 6.17% 24/6/2024	10,022	0.70
£30,000,000	Skandinaviska Enskilda Banken 6.28% 2/8/2024	30,104	2.11
£10,000,000	Societe General 6.25% 9/9/2024	10,034	0.71
£25,000,000	Swedbank 0% 1/8/2024	23,977	1.68
£10,000,000	Toronto Dominion Bank 0% 2/5/2024	9,726	0.68
£50,000,000	Toronto Dominion Bank 5.38% 22/5/2024	49,900	3.51
<b>Total Certificates of Deposit</b>		<b>445,441</b>	<b>31.29</b>
<b>Commercial Mortgage Backed Securities – 5.22% (31/10/22 – 6.09%)</b>			
£7,891,000	Atom Mortgage Securities DAC FRN 22/7/2031	5,851	0.41
£4,718,000	Frost CMBS 2021 1 DAC FRN 22/11/2026	4,475	0.31
£6,650,000	Highways 2021 FRN 18/11/2026	6,467	0.45
£57,617,000	Income Contingent Student Loan FRN 24/7/2056	3,235	0.23
£111,155,000	Income Contingent Student Loan 2 FRN 24/7/2058	11,077	0.78
£4,331,000	Parkmore Point RMBS 2022-1 FRN 25/7/2045	3,532	0.25
£7,203,000	PCL Funding VI FRN 15/7/2026	7,216	0.51
£8,080,000	PCL Funding VIII FRN 15/5/2028	8,072	0.57
£5,660,000	Sage AR Funding FRN 17/11/2030	5,564	0.39
£3,820,000	Taurus 2019-2 FRN 17/11/2029	3,589	0.25
£4,500,000	Taurus 2021-1 FRN 17/5/2031	4,351	0.31
£7,162,000	Taurus CMBS FRN 17/5/2030	7,040	0.49
£5,000,000	Together Asset Backed Securitisation FRN 15/12/2061	1,622	0.11
£4,703,000	Together Asset Backed Securitisation FRN 12/7/2063	2,281	0.16
<b>Total Commercial Mortgage Backed Securities</b>		<b>74,372</b>	<b>5.22</b>
<b>Commercial Paper – 0.33% (31/10/22 – 2.63%)</b>			
£5,000,000	ANZ 0% 10/10/2024	4,741	0.33
<b>Total Commercial Paper</b>		<b>4,741</b>	<b>0.33</b>
<b>Corporate Bonds – 57.49% (31/10/22 – 64.24%)</b>			
£9,600,000	Aareal Bank AG FRN 29/4/2025	9,659	0.68
£6,830,000	Australia & New Zealand Banking 1.809% variable 16/9/2031	5,864	0.41
£18,200,000	Banco Santander SA 1.375% 31/7/2024	17,595	1.24
£15,000,000	Banco Santander SA FRN 17/4/2025	14,996	1.05
£10,200,000	Banco Santander SA 3.125% variable 6/10/2026	9,558	0.67
£15,000,000	Bank of Montreal FRN 15/9/2026	15,158	1.06
£13,000,000	Bank of Nova Scotia FRN 15/10/2024	13,059	0.92
£10,000,000	Bank of Nova Scotia FRN 9/11/2024	10,046	0.71
£936,000	Bank of Nova Scotia FRN 14/3/2025	942	0.07
£11,513,000	Bank of Nova Scotia FRN 22/6/2026	11,629	0.82
£10,000,000	Bank of Nova Scotia 2.875% 3/5/2027	9,088	0.64

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£3,700,000	Banque Federative Du Credit Mutuel 1.875% 26/10/2028	3,088	0.22
£12,800,000	Banque Federative Du Credit Mutuel 5% 19/1/2026	12,536	0.88
£22,000,000	Barclays 3.125% 17/1/2024	21,853	1.53
£17,200,000	BNP Paribas 2% variable 24/5/2031	14,983	1.05
£15,000,000	Canadian Imperial Bank of Commerce FRN 9/6/2025	15,106	1.06
£10,210,000	Canadian Imperial Bank of Commerce FRN 23/6/2026	10,310	0.72
£2,705,000	Close Brothers Group 2% variable 11/9/2031	2,221	0.16
£3,299,000	Close Brothers Group 7.75% 14/6/2028	3,314	0.23
£35,714,000	Commonwealth Bank of Australia FRN 16/1/2025	35,744	2.51
£4,800,000	Coventry Building Society 1% 21/9/2025	4,383	0.31
£6,620,000	Coventry Building Society 7% variable 7/11/2027	6,617	0.47
£4,925,000	Danske Bank AS 4.625% variable 13/4/2027	4,762	0.33
£23,097,000	DBS Bank FRN 17/11/2025	23,309	1.64
£10,100,000	Deutsche Bank 2.625% 16/12/2024	9,635	0.68
£8,500,000	Deutsche Pfandbriefbank FRN 26/4/2024	8,515	0.60
£10,000,000	Deutsche Pfandbriefbank FRN 1/9/2026	9,970	0.70
£12,887,000	DNB Bank 1.375% variable 2/12/2025	12,230	0.86
£3,000,000	DNB Bank 1.625% 15/12/2023	2,984	0.21
£8,236,000	DNB Bank 2.625% variable 10/6/2026	7,806	0.55
£15,000,000	Federation des Caisses Desjardins FRN 30/11/2026	14,992	1.05
£16,374,000	Goldman Sachs Group 1% variable 16/12/2025	15,458	1.09
£17,000,000	Heathrow Funding 6.75% 3/12/2028	17,328	1.22
£19,081,000	HSBC 1.75% variable 24/7/2027	16,908	1.19
£3,000,000	HSBC 6.5% 20/5/2024	3,005	0.21
£11,303,000	Industrial Commercial Bank of China 1.625% 28/12/2025	10,143	0.71
£11,200,000	ING Groep 5% variable 30/8/2026	10,985	0.77
£19,609,000	JP Morgan Chase 0.991% variable 28/4/2026	18,218	1.28
£8,600,000	KBC Group 1.25% variable 21/9/2027	7,509	0.53
£3,544,000	Land Securities Capital Markets 1.974% 8/2/2026	3,505	0.25
£6,799,000	Leeds Building Society FRN 15/1/2025	6,810	0.48
£18,184,000	Leeds Building Society 1.375% 6/10/2027	15,199	1.07
£7,000,000	Legal & General 5.375% variable 27/10/2045	6,794	0.48
£4,718,000	Lloyds Bank 1.985% variable 15/12/2031	4,051	0.28
£7,000,000	Lloyds Bank 2.25% 16/10/2024	6,753	0.47
£11,800,000	M&G 3.875% variable 20/7/2049	11,542	0.81
£6,210,000	Metropolitan Life Global Funding 4.125% 2/9/2025	6,044	0.42
£10,960,000	Mitchells & Butlers (A4) FRN 15/12/2028	5,330	0.37
£3,000,000	Mitchells & Butlers (A1N) FRN 15/12/2030	1,038	0.07
£26,159,000	National Australia Bank FRN 4/2/2025	26,162	1.84
£9,016,000	National Australia Bank FRN 17/6/2026	9,018	0.63
£4,871,000	National Australia Bank 1.699% variable 15/9/2031	4,150	0.29
£16,300,000	Nationwide Building Society FRN 15/12/2023	16,298	1.14
£18,250,000	Nationwide Building Society FRN 24/2/2031	17,913	1.26
£7,552,000	NatWest Group 2.105% variable 28/11/2031	6,430	0.45
£6,700,000	NatWest Markets 6.625% 22/6/2026	6,773	0.48
£700,000	New York Life Global Funding 1.25% 17/12/2026	618	0.04
£10,000,000	NIE Finance 2.5% 27/10/2025	9,381	0.66
£4,951,000	Nordea Bank Abp 6% variable 2/6/2026	4,948	0.35
£1,146,000	Northern Powergrid Yorkshire 2.5% 1/4/2025	1,092	0.08
£12,500,000	OP Corporate Bank FRN 18/11/2025	12,512	0.88
£3,771,000	Principality Building Society 8.625% 12/7/2028	3,885	0.27
£6,904,000	Protective Life Global Funding 5.248% 13/1/2028	6,756	0.47
£38,941,000	Royal Bank of Canada 1% 9/9/2026	34,335	2.41
£2,000,000	Royal Bank of Scotland 2.875% variable 19/9/2026	1,869	0.13

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 57.48% (31/10/22 – 64.24%) – continued</b>			
£10,069,000	Skandinaviska Enskilda Banken 5.5% 1/6/2026	9,996	0.70
£26,960,000	Skipton Building Society 2% variable 2/10/2026	24,612	1.73
£3,300,000	Societe Generale 1.875% 3/10/2024	3,177	0.22
£8,000,000	Swedbank 7.272% variable 15/11/2032	7,895	0.55
£2,500,000	Telereal Securitisation FRN 10/12/2033	1,980	0.14
£10,000,000	Telereal Securitisation FRN 10/12/2033	3,289	0.23
£3,668,000	Toronto Dominion Bank 2.875% 5/4/2027	3,335	0.23
£20,000,000	Toronto Dominion Bank FRN 12/6/2028	19,992	1.40
£8,046,000	TSB Bank FRN 14/2/2027	8,054	0.57
£15,317,000	UK Municipal Bonds Agency Finance FRN 12/3/2025	15,322	1.08
£4,500,000	Unite USAF II 3.921% 30/6/2030	4,317	0.30
£13,867,000	United Overseas Bank FRN 21/9/2026	13,981	0.98
£5,000,000	Volkswagen Financial Services 3.25% 13/4/2027	4,515	0.32
£10,900,000	Westfield Stratford City 1.642% 4/8/2031	9,541	0.67
£17,865,000	Yorkshire Building Society FRN 21/11/2024	17,903	1.26
<b>Total Corporate Bonds</b>		<b>818,621</b>	<b>57.49</b>
<b>Government Bonds – 2.59% (31/10/22 – 0.79%)</b>			
£45,000,000	UK Treasury 0.5% 31/1/2029	36,858	2.59
<b>Total Government Bonds</b>		<b>36,858</b>	<b>2.59</b>
<b>Total value of investments</b>		<b>1,380,033</b>	<b>96.92</b>
<b>Net other assets</b>		<b>43,823</b>	<b>3.08</b>
<b>Total net assets</b>		<b>1,423,856</b>	<b>100.00</b>

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.5% 31/1/2029	144,914
UK Treasury 4.125% 29/1/2027	81,789
Nordea Bank 3.94% 15/3/2023	75,000
Credit Agricole 4.55% 11/7/2023	75,000
Nationwide Building Society 4.17% 3/4/2023	50,000
Natixis Securities 4.72% 22/2/2024	50,000
Toronto Dominion Bank 5.38% 22/5/2024	50,000
Lloyds Bank Corporate Markets 5.718% 14/8/2024	50,000
Belfius Bank 0% 22/3/2023	49,962
UK Treasury 0% 22/5/2023	49,073
<b>Subtotal</b>	<b>675,738</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,510,685</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.5% 31/1/2029	109,876
UK Treasury 4.125% 29/1/2027	82,213
Nordea Bank 3.94% 15/3/2023	75,000
Credit Agricole 4.55% 11/7/2023	74,993
Nationwide Building Society 4.17% 3/4/2023	50,000
Belfius Bank 0% 22/3/2023	49,962
UK Treasury 0% 22/5/2023	49,809
TSB Bank FRN 15/2/2024	46,563
Macquarie Bank Limited 0% 30/5/2023	45,000
Royal Bank of Canada FRN 3/10/2024	40,512
<b>Subtotal</b>	<b>623,928</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>2,206,655</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	32,458	(88,544)
Revenue	3	68,235	36,535
Expenses	4	(2,020)	(1,971)
Interest payable and similar charges		(4)	(18)
Net revenue before taxation		66,211	34,546
Taxation	5	–	–
Net revenue after taxation		66,211	34,546
Total return/(deficit) before distributions		98,669	(53,998)
Distributions	6	(66,207)	(34,546)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>32,462</b>	<b>(88,544)</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>2,226,579</b>	<b>2,903,081</b>
Amounts receivable on creation of shares	603,315	796,612
Amounts payable on cancellation of shares	(1,471,841)	(1,406,600)
	(868,526)	(609,988)
Dilution adjustment charged	1,128	569
Change in net assets attributable to shareholders from investment activities	32,462	(88,544)
Retained distributions on accumulation shares	32,213	21,461
<b>Closing net assets attributable to shareholders</b>	<b>1,423,856</b>	<b>2,226,579</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		1,380,033	2,040,023
<b>Current assets:</b>			
Debtors	7	20,643	15,772
Cash and bank balances	8	36,220	176,325
Total assets		1,436,896	2,232,120
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	9	6,757	137
Distribution payable		6,283	5,404
Total liabilities		13,040	5,541
<b>Net assets attributable to shareholders</b>		<b>1,423,856</b>	<b>2,226,579</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	32,458	(88,544)
<b>Net capital gains/(losses)</b>	<b>32,458</b>	<b>(88,544)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	65,730	35,870
Bank interest	105	29
Deposit interest	2,352	543
Stock lending income	48	93
<b>Total revenue</b>	<b>68,235</b>	<b>36,535</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	2,020	1,971
<b>Total expenses</b>	<b>2,020</b>	<b>1,971</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax at 20%	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	66,211	34,546
Corporation tax at 20% (31/10/22: 20%)	13,242	6,909

Effects of:

Tax deductible interest distributions	(13,163)	(6,909)
Tax relief on index-linked gilts	(79)	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	7,224	4,055
Second Interim	5,960	5,249
Third Interim	6,996	6,699
Final	12,033	5,458
	32,213	21,461
<b>Income shares</b>		
First Interim	7,148	1,471
Second Interim	7,594	2,061
Third Interim	7,687	2,651
Final	6,283	5,404
	28,712	11,587
<b>Net distributions for the year</b>	<b>60,925</b>	<b>33,048</b>
Add: Amounts deducted on cancellation of shares	9,311	3,907
Deduct: Amounts received on the creation of shares	(4,029)	(2,409)
<b>Gross interest distributions for the year</b>	<b>66,207</b>	<b>34,546</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	66,211	34,546
Equalisation on conversion	(4)	–
<b>Gross interest distributions for the year</b>	<b>66,207</b>	<b>34,546</b>

Details of the distribution per share are set out on pages 185 to 188.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	638	1,213
Sales awaiting settlement	4,106	–
Accrued revenue	15,899	14,559
<b>Total debtors</b>	<b>20,643</b>	<b>15,772</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	36,220	176,325
<b>Total cash and bank balances</b>	<b>36,220</b>	<b>176,325</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Purchases awaiting settlement	6,617	–
Accrued expenses	140	137
<b>Total other creditors</b>	<b>6,757</b>	<b>137</b>

### 10. Reconciliation of number of shares

	Class R Accumulation	Class S Accumulation
Opening shares at 01/11/22	851,368,248	8,805,774
Shares issued	343,504,049	69,216,097
Shares cancelled	(483,944,014)	(21,846,679)
Shares converted	–	–
<b>Closing shares at 31/10/23</b>	<b>710,928,283</b>	<b>56,175,192</b>

	Class S Income	Class Y Accumulation
Opening shares at 01/11/22	328,518,056	213,121,493
Shares issued	28,811,330	7,616,746
Shares cancelled	(308,051,622)	(124,261,518)
Shares converted	(11,279,047)	–
<b>Closing shares at 31/10/23</b>	<b>37,998,717</b>	<b>96,476,721</b>

	Class Y Income	Class Z Accumulation
Opening shares at 01/11/22	845,592,703	2,359
Shares issued	137,314,951	–
Shares cancelled	(526,950,917)	–
Shares converted	11,427,445	–
<b>Closing shares at 31/10/23</b>	<b>467,384,182</b>	<b>2,359</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £498,000 (31/10/22: £1,076,000).

At the year end, 31 October 2023, 43.53% (31/10/22: 37.65%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £12,000 (Gross: £60,000) (31/10/22: £23,000 (Gross: £116,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £41,466,000 (31/10/22: £43,819,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	44,606	62,243
Cash	509	-

The aggregate value of collateral held at the balance sheet date was £45,115,000 (31/10/22: £62,243,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Barclays Bank, Goldman Sachs, HSBC Bank, JP Morgan Securities, Merrill Lynch, Morgan Stanley & Co International and RBC (Europe) Limited.

### 14. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 179. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

All of the assets of the Fund are sterling denominated, there is no exposure to foreign currency.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £138,003,000 (31/10/22: £204,002,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £138,003,000 (31/10/22: £204,002,000). These calculations assume all other variables remain constant.

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	685,037	602,748	149,111	1,436,896
<b>Total</b>	<b>685,037</b>	<b>602,748</b>	<b>149,111</b>	<b>1,436,896</b>

<b>31 Oct 2022</b>				
Sterling	1,114,381	927,463	190,276	2,232,120
<b>Total</b>	<b>1,114,381</b>	<b>927,463</b>	<b>190,276</b>	<b>2,232,120</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	-	13,040	13,040
<b>Total</b>	<b>-</b>	<b>13,040</b>	<b>13,040</b>

<b>31 Oct 2022</b>			
Sterling	-	5,541	5,541
<b>Total</b>	<b>-</b>	<b>5,541</b>	<b>5,541</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 14. Risk disclosures – continued

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £13,341,000 (31/10/22: £20,806,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £4,447,000 (31/10/22: £6,935,000).

A change of 3% in the prevailing interest rates would result in a change of 0.01% (31/10/22: 0.03%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.00% (31/10/22: 0.01%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	893,306	62.73	1,566,577	70.36
Investments of below investment grade	–	–	6,120	0.27
Unrated bonds	36,545	2.57	10,789	0.49
<b>Total bonds</b>	<b>929,851</b>	<b>65.30</b>	<b>1,583,486</b>	<b>71.12</b>
Certificates of deposit	445,441	31.29	397,834	17.87
Commercial paper	4,741	0.33	58,703	2.63
<b>Total value of investments</b>	<b>1,380,033</b>	<b>96.92</b>	<b>2,040,023</b>	<b>91.62</b>

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

### 15. Portfolio transaction costs

There were no transaction costs for the year ended 31 October 2023 (31/10/22: same).

#### For the year ended 31 October 2023

Analysis of total purchases costs	Value £'000
Bond transactions	661,496
Cash and deposits transaction	849,189
<b>Total</b>	<b>1,510,685</b>

Analysis of total sales costs	Value £'000
Bond transactions	1,280,574
Cash and deposits transaction	863,607
Corporate actions	62,474
<b>Total</b>	<b>2,206,655</b>

#### For the year ended 31 October 2022

Analysis of total purchases costs	Value £'000
Bond transactions	930,619
Cash and deposits transaction	643,174
<b>Total</b>	<b>1,573,793</b>

Analysis of total sales costs	Value £'000
Bond transactions	1,224,489
Cash and deposits transaction	1,066,849
Corporate actions	3,289
<b>Total</b>	<b>2,294,627</b>

At the balance sheet date the portfolio dealing spread was 0.15% (31/10/22: 0.23%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	929,851	–	929,851
Certificates of deposit	–	445,441	–	445,441
Commercial paper	–	4,741	–	4,741
<b>Total</b>	<b>–</b>	<b>1,380,033</b>	<b>–</b>	<b>1,380,033</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	1,583,486	–	1,583,486
Certificates of deposit	–	397,834	–	397,834
Commercial paper	–	58,703	–	58,703
<b>Total</b>	<b>–</b>	<b>2,040,023</b>	<b>–</b>	<b>2,040,023</b>

### 17. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £1,449,682,700. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 1.34%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class R Accumulation</b>				
Group 1	0.7103	–	0.7103	0.2042
Group 2	0.2189	0.4914	0.7103	0.2042
<b>Class S Accumulation</b>				
Group 1	0.7033	–	0.7033	0.2023
Group 2	0.7033	0.0000	0.7033	0.2023
<b>Class S Income</b>				
Group 1	0.6741	–	0.6741	0.1964
Group 2	0.6741	0.0000	0.6741	0.1964
<b>Class Y Accumulation</b>				
Group 1	0.6845	–	0.6845	0.1684
Group 2	0.3168	0.3677	0.6845	0.1684
<b>Class Y Income</b>				
Group 1	0.6290	–	0.6290	0.1566
Group 2	0.3138	0.3152	0.6290	0.1566
<b>Class Z Accumulation</b>				
Group 1	0.7322	–	0.7322	0.2123
Group 2	0.7322	0.0000	0.7322	0.2123

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Second Interim**

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class R Accumulation</b>				
Group 1	0.8513	–	0.8513	0.2648
Group 2	0.2684	0.5829	0.8513	0.2648
<b>Class S Accumulation</b>				
Group 1	0.8433	–	0.8433	0.2622
Group 2	0.0292	0.8141	0.8433	0.2622
<b>Class S Income</b>				
Group 1	0.8026	–	0.8026	0.2541
Group 2	0.8026	0.0000	0.8026	0.2541
<b>Class Y Accumulation</b>				
Group 1	0.8290	–	0.8290	0.2317
Group 2	0.3756	0.4534	0.8290	0.2317
<b>Class Y Income</b>				
Group 1	0.7569	–	0.7569	0.2150
Group 2	0.4729	0.2840	0.7569	0.2150
<b>Class Z Accumulation</b>				
Group 1	0.8779	–	0.8779	0.2746
Group 2	0.8779	0.0000	0.8779	0.2746

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 29/09/23	Distribution paid 30/09/22
<b>Class R Accumulation</b>				
Group 1	0.9981	–	0.9981	0.3758
Group 2	0.4998	0.4983	0.9981	0.3758
<b>Class S Accumulation</b>				
Group 1	0.9882	–	0.9882	0.3721
Group 2	0.9882	0.0000	0.9882	0.3721
<b>Class S Income</b>				
Group 1	0.9330	–	0.9330	0.3599
Group 2	0.0433	0.8897	0.9330	0.3599
<b>Class Y Accumulation</b>				
Group 1	0.9766	–	0.9766	0.3429
Group 2	0.2183	0.7583	0.9766	0.3429
<b>Class Y Income</b>				
Group 1	0.8844	–	0.8844	0.3183
Group 2	0.2604	0.6240	0.8844	0.3183
<b>Class Z Accumulation</b>				
Group 1	1.0284	–	1.0284	0.3886
Group 2	1.0284	0.0000	1.0284	0.3886

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 August 2023

Group 2: Shares purchased between 1 August 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class R Accumulation</b>				
Group 1	1.3959	–	1.3959	0.5144
Group 2	0.1444	1.2515	1.3959	0.5144
<b>Class S Accumulation</b>				
Group 1	1.3824	–	1.3824	0.5084
Group 2	0.6863	0.6961	1.3824	0.5084
<b>Class S Income</b>				
Group 1	1.2929	–	1.2929	0.4907
Group 2	0.3886	0.9043	1.2929	0.4907
<b>Class Y Accumulation</b>				
Group 1	1.3809	–	1.3809	0.4853
Group 2	0.6030	0.7779	1.3809	0.4853
<b>Class Y Income</b>				
Group 1	1.2391	–	1.2391	0.4484
Group 2	0.8046	0.4345	1.2391	0.4484
<b>Class Z Accumulation</b>				
Group 1	1.4377	–	1.4377	0.5311
Group 2	1.4377	0.0000	1.4377	0.5311

# Royal London Cautious Managed Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Royal London Cautious Managed (A Acc)	3.08	0.08	6.55
Cautious Managed Composite Benchmark*	2.69	-1.22	6.38
IA Mixed Investment 0-35% Shares TR	0.86	-4.61	1.25

\* The Fund has a custom composite benchmark comprised of equities, gilts and cash indices.

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

### Performance overview

After fees, the Fund produced a positive total return over the period, and has done so over longer time periods. It also outperformed its composite benchmark and the average fund in its Investment Association peer group, which contains funds with a similar asset allocation.

### Market overview

Equity markets were dominated by interest rates and inflation over the period. The majority of stock market gains came in the first half of the period. The avoidance of an energy crisis meant that increases were partly a reflection of low expectations at the start that proved to be more pessimistic than the actual outcome. In the second half of the period, markets moved sideways in aggregate as investors focused on the potential end of the rate rising cycle, as well as the impact of interest rate rises on global growth and therefore the health of the corporate sector. Bond markets were also dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve (Fed), European Central Bank and Bank of England (BoE) to raise rates numerous times. The backdrop of rising interest rates and inflation meant that global bond yields, including both conventional and index-linked bonds, increased (and therefore prices fell) significantly over the period, albeit by less than in the prior year.

### Portfolio commentary

On a tactical basis, we held an overweight position in equities over most of the period. Having initially added to equity exposure when these markets had weakened (therefore buying these at cheaper levels) due to depressed investor sentiment towards the end of 2022, we added to this this positive bias amid improvement in economic conditions indicated by a number of economic indicators appearing to recover and peaking inflation. We moved neutral in equities towards the end of the period as improvements stalled and geopolitical risks added to concerns around interest rates staying higher for longer.

Within equity exposures, we started the period favouring UK equities as these had proven their resilience over 2022, but moved to prefer Japanese stocks amid weakening yen that led to a boost in earnings for Japanese exporters. We were underweight emerging market and Asia Pacific shares for most of the period amid China's disappointing economic reopening from Covid lockdowns and concerns around their property sector.

## Manager's Investment Report (continued)

### Investment outlook

We expect headline inflation to fall but see a new regime characterised by periodic spikes in inflation and short boom-bust cycles. We try to build a resilient portfolio by diversifying broadly and reviewing the strategic mix of asset classes invested in on a regular basis, which allow us to have less exposure to bonds when yields are low. We believe that short business cycles argue for active day-to-day management. We held a positive tactical view in equities over most of 2023 as the macro backdrop proved resilient, but going forward, should major economies move into recession, we expect that a more defensive positioning will be necessary.

**Trevor Greetham**

**Fund Manager**

**Royal London Asset Management Limited**

**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Table

### Class A Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	116.80	127.70	120.35
Return before operating charges*	4.41	(10.04)	8.23
Operating charges	(0.84)	(0.86)	(0.88)
Return after operating charges*	3.57	(10.90)	7.35
Distributions on accumulation shares	(3.36)	(1.90)	(1.76)
Retained distributions on accumulation shares	3.36	1.90	1.76
<b>Closing net asset value per share</b>	<b>120.37</b>	<b>116.80</b>	<b>127.70</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	3.06%	(8.54)%	6.11%
<b>Other information</b>			
Closing net asset value (£'000)	165,439	189,177	240,838
Closing number of shares	137,447,844	161,964,836	188,592,058
Operating charges	0.70%	0.70%	0.70%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	122.50	129.90	128.80
Lowest share price	117.00	112.60	120.60

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Bond Collective Investment Schemes – 79.47% (31/10/22 – 81.07%)</b>			
5,599,138	Royal London Diversified Asset-Backed Securities Fund R Acc <sup>†</sup>	6,716	4.06
13,726,969	Royal London Investment Grade Short Dated Credit Fund R Acc <sup>†</sup>	14,272	8.63
16,754,356	Royal London Short Duration Gilts Fund R Acc <sup>†</sup>	16,865	10.19
14,804,988	Royal London Short Term Fixed Income Fund R Acc <sup>†</sup>	15,986	9.66
29,903,493	Royal London Short-Term Money Market Fund R Acc <sup>†</sup>	31,966	19.32
26,585,754	Royal London Sterling Credit Fund R Acc <sup>†</sup>	27,644	16.71
20,917,012	Royal London UK Government Bond Fund R Acc <sup>†</sup>	18,037	10.90
<b>Total Bond Collective Investment Schemes</b>		<b>131,486</b>	<b>79.47</b>
<b>Equity Collective Investment Schemes – 20.67% (31/10/22 – 18.51%)</b>			
215,582	Royal London Asia Pacific ex Japan Tilt Fund R Acc <sup>†</sup>	264	0.16
1,925,328	Royal London Emerging Markets ESG Leaders Equity Tracker Fund R Acc <sup>†</sup>	2,115	1.28
2,353,009	Royal London Europe ex UK Equity Tilt Fund R Acc <sup>†</sup>	3,363	2.03
3,000,170	Royal London Japan Equity Tilt Fund R Acc <sup>†</sup>	3,468	2.10
12,098,784	Royal London UK Broad Equity Tilt Fund R Acc <sup>†</sup>	12,763	7.72
7,357,597	Royal London US Equity Tilt Fund R Acc <sup>†</sup>	12,216	7.38
<b>Total Equity Collective Investment Schemes</b>		<b>34,189</b>	<b>20.67</b>
<b>Total value of investments</b>		<b>165,675</b>	<b>100.14</b>
<b>Net other liabilities</b>		<b>(236)</b>	<b>(0.14)</b>
<b>Total net assets</b>		<b>165,439</b>	<b>100.00</b>

<sup>†</sup> Related Party

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
Royal London Short Term Fixed Income Fund	12,018
Royal London Short-Term Money Market Fund	8,991
Royal London UK Government Bond Fund	8,039
Royal London Emerging Markets ESG Leaders Equity Tracker Fund	7,130
Royal London Europe ex UK Equity Tilt Fund	6,046
Royal London Japan Equity Tilt Fund	5,071
Royal London US Equity Tilt Fund	4,725
Royal London Asia Pacific ex Japan Tilt Fund	4,103
Royal London Diversified Asset-Backed Securities Fund	2,807
Royal London UK Broad Equity Tilt Fund	2,040
<b>Subtotal</b>	<b>60,970</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>61,746</b>

### Significant Sales

	Proceeds £'000
Royal London UK Government Bond Fund	16,248
Royal London Short Term Fixed Income Fund	15,137
Royal London Short-Term Money Market Fund	12,792
Royal London Sterling Credit Fund	7,880
Royal London Emerging Markets ESG Leaders Equity Tracker Fund	7,616
Royal London Europe ex UK Equity Tilt Fund	5,612
Royal London US Equity Tilt Fund	5,457
Royal London UK Broad Equity Tilt Fund	5,404
Royal London Japan Equity Tilt Fund	4,363
Royal London Asia Pacific ex Japan Tilt Fund	3,678
<b>Subtotal</b>	<b>84,187</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>91,232</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	1,840	(20,815)
Revenue	3	5,076	3,359
Expenses	4	(1,252)	(1,519)
Net revenue before taxation		3,824	1,840
Taxation	5	–	(1)
Net revenue after taxation		3,824	1,839
Total return/(deficit) before distributions		5,664	(18,976)
Distributions	6	(5,076)	(3,358)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>588</b>	<b>(22,334)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		165,675	188,379
<b>Current assets:</b>			
Debtors	7	16	11
Cash and bank balances	8	–	1,029
<b>Total assets</b>		<b>165,691</b>	<b>189,419</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Bank overdraft		7	–
Other creditors	9	245	242
<b>Total liabilities</b>		<b>252</b>	<b>242</b>
<b>Net assets attributable to shareholders</b>		<b>165,439</b>	<b>189,177</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>189,177</b>	<b>240,838</b>
Amounts receivable on creation of shares	22	12
Amounts payable on cancellation of shares	(28,969)	(32,410)
	(28,947)	(32,398)
Change in net assets attributable to shareholders from investment activities	588	(22,334)
Retained distributions on accumulation shares	4,621	3,071
<b>Closing net assets attributable to shareholders</b>	<b>165,439</b>	<b>189,177</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	1,779	(20,886)
Management fee rebates	61	71
<b>Net capital gains/(losses)</b>	<b>1,840</b>	<b>(20,815)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Distributions from UK regulated collective investment schemes:		
Franked investment income	787	813
Unfranked investment income	26	6
Interest distribution	4,194	2,489
Bank interest	29	4
Management fee rebates	40	47
<b>Total revenue</b>	<b>5,076</b>	<b>3,359</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,252	1,519
<b>Total expenses</b>	<b>1,252</b>	<b>1,519</b>

\* Audit fee £15,106 (31/10/22: £14,387) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Irrecoverable income tax	–	1
<b>Total tax charge for the year</b>	<b>–</b>	<b>1</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	3,824	1,840
Corporation tax at 20% (31/10/22: 20%)	765	368
Effects of:		
Revenue not subject to taxation	(158)	(163)
Taxable income charge in capital	12	14
Tax deductible interest distributions	(619)	(219)
Irrecoverable income tax	–	1
<b>Current or Total tax charge for the year</b>	<b>–</b>	<b>1</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £29 (31/10/22: £29) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Final	4,621	3,071
<b>Net distributions for the year</b>	4,621	3,071
Add: Amounts deducted on cancellation of shares	455	287
<b>Gross interest distributions for the year</b>	<b>5,076</b>	<b>3,358</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	3,824	1,839
Expenses charged to capital	1,252	1,519
<b>Gross interest distributions for the year</b>	<b>5,076</b>	<b>3,358</b>

Details of the distribution per share are set out on page 199.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Accrued revenue	10	10
Income tax recoverable	6	1
<b>Total debtors</b>	<b>16</b>	<b>11</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	–	1,029
<b>Total cash and bank balances</b>	<b>–</b>	<b>1,029</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	146	131
Accrued expenses	99	111
<b>Total other creditors</b>	<b>245</b>	<b>242</b>

### 10. Reconciliation of number of shares

	Class A Accumulation
Opening shares at 01/11/22	161,964,836
Shares issued	18,108
Shares cancelled	(24,535,100)
<b>Closing shares at 31/10/23</b>	<b>137,447,844</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

### 12. Related party transactions

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

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

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £245,000 (31/10/22: £242,000).

Amounts due from Royal London Unit Trust Managers Limited in respect of periodic charge rebates at the end of the year amounted to £8,000 (31/10/22: £9,000).

At the year end, 31 October 2023, 0.00% (31/10/22: 0.00%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

The Fund at the year end, held a total value £165,675,000 (31/10/22: £188,379,000) in other Royal London Funds and a total revenue of £5,007,000 (31/10/22: £3,308,000) received during the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 13. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 194. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £16,568,000 (31/10/22: £18,838,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £16,568,000 (31/10/22: £18,838,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of (£7,059) (31/10/22: £1,029,045) which earn interest by reference to SONIA or international equivalent.

This equates to 0.00% of the current Net Asset Value and 0.54% of the previous years.

The majority of the other financial assets are collective investment schemes which do not pay interest, however some of the underlying collective investment scheme investments may be directly or indirectly exposed to interest rate risk.

Interest risk is considered insignificant so no sensitivity analysis is required (31/10/22: n/a).

### 14. Portfolio transaction costs

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	61,746	82,153
Total sales	91,232	116,308

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.11% (31/10/22: 0.00%).

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

### 15. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Pooled investment vehicles	–	165,675	–	165,675
<b>Total</b>	<b>–</b>	<b>165,675</b>	<b>–</b>	<b>165,675</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Pooled investment vehicles	–	188,379	–	188,379
<b>Total</b>	<b>–</b>	<b>188,379</b>	<b>–</b>	<b>188,379</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 16. Cross Holdings

Details of the Fund's cross holdings as at 31 October 2023 are as follows:

Fund	31 Oct 2023		31 Oct 2022	
	Shares	Bid Value £'000	Shares	Bid Value £'000
Royal London Diversified Asset-Backed Securities Fund	5,599,138	6,716	4,340,590	4,746
Royal London Investment Grade Short Dated Credit Fund	13,726,969	14,272	16,665,480	16,370
Royal London Short Duration Gilts Fund	16,754,356	16,865	18,551,810	18,250
Royal London Short Term Fixed Income Fund	14,804,988	15,986	18,078,660	18,589
Royal London Short-Term Money Market Fund	29,903,493	31,966	33,612,599	34,382
Royal London Sterling Credit Fund	26,585,754	27,644	34,327,038	33,616
Royal London UK Government Bond Fund	20,917,012	18,037	30,228,266	27,405

### 17. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £173,796,910. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 5.05%.

There have been no significant redemptions during this period.

## Distribution Table

For the year ended 31 October 2023

### Distribution in pence per share

#### Final

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class A Accumulation</b>				
Group 1	3.3623	–	3.3623	1.8960
Group 2	0.5808	2.7815	3.3623	1.8960

# Royal London Investment Grade Short Dated Credit Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year return %	3 year return %	5 year return %
Royal London Investment Grade Short Dated Credit Fund, Class N Accumulation	5.68	-2.91	3.34
Royal London Investment Grade Short Dated Credit Fund, Class R Accumulation	5.87	-2.62	3.90
Royal London Investment Grade Short Dated Credit Fund, Class S Accumulation	5.80	-2.66	–
Royal London Investment Grade Short Dated Credit Fund, Class S Income	5.85	-2.63	–
Royal London Investment Grade Short Dated Credit Fund, Class Z Accumulation	5.64	–	–
Royal London Investment Grade Short Dated Credit Fund, Class Z Income	5.64	-3.14	2.88
ICE BofAML 1-5yr Sterling Non-Gilt All Stocks Index	4.24	-4.42	1.19
ICE BofAML 1-5yr Sterling Non-Gilt All Stocks Index + 0.25% per rolling 3 years	4.33	-4.17	1.60
IA £ Corporate Bond TR	3.51	-14.24	-2.60

Class S Accumulation and Class S Income launched on 16 April 2019, and Class Z Accumulation launched on 22 July 2021.

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

### Performance overview

In the period under review, the Fund has outperformed both its benchmark and peers. It is a similar story for the 3-year and 5-year periods.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

During the period, our outperformance was driven by sector allocation and stock selection, while the Fund was held back slightly by our exposure to bond yield moves. Given the attractions of underlying yields, the Fund's interest rate sensitivity is greater than that of the benchmark and this proved to be slightly detrimental in the period.

Within sector allocation, our overweight position in banks, insurance and underweight in supranationals was beneficial to performance, while our consumer goods allocation was a slight negative. In security selection, positive returns were broad based with banks and insurers the standout performers.

In terms of activity, Fund purchases over the period had a bias towards senior new issues, reflecting the fact that credit spreads in these areas were very attractive.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, as energy and food price increases moderate and sluggish GDP weakens the labour market. Nonetheless, UK interest rates are likely to remain high as the Bank of England continues to focus on bringing inflation under control.

Although the economic data remains very mixed, we still believe that elevated rates will lead to a slowdown in the UK, impacting company earnings and leading to some increase in credit rating downgrades and default rates. We still favour sterling credit bonds over government debt as credit spreads remain at reasonably attractive levels. However, recent outperformance means that their relative attractiveness has reduced. We remain focused on identifying companies with strong balance sheets, favouring issues with security and downside protection, and ensuring that portfolios are diversified across issuers and sectors.

**Paola Binns**

**Fund Manager**

**Royal London Asset Management Limited**

**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class N Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	101.49	111.85	110.41
Return before operating charges*	6.10	(10.33)	1.47
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	6.07	(10.36)	1.44
Distributions on accumulation shares	(4.26)	(2.79)	(2.48)
Retained distributions on accumulation shares	4.26	2.79	2.48
<b>Closing net asset value per share</b>	<b>107.56</b>	<b>101.49</b>	<b>111.85</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.98%	(9.26)%	1.30%
<b>Other information</b>			
Closing net asset value (£'000)	932,119	723,835	366,844
Closing number of shares	866,637,925	713,243,022	327,992,663
Operating charges	0.03%	0.03%	0.03%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.80	113.00	113.30
Lowest share price	102.00	98.38	110.70

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	97.85	107.85	106.47
Return before operating charges*	5.89	(9.96)	1.42
Operating charges	(0.04)	(0.04)	(0.04)
Return after operating charges*	5.85	(10.00)	1.38
Distributions on accumulation shares	(4.11)	(2.69)	(2.39)
Retained distributions on accumulation shares	4.11	2.69	2.39
<b>Closing net asset value per share</b>	<b>103.70</b>	<b>97.85</b>	<b>107.85</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.98%	(9.27)%	1.30%
<b>Other information</b>			
Closing net asset value (£'000)	722,831	375,759	579,858
Closing number of shares	697,073,971	383,996,919	537,629,212
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	104.00	109.00	109.20
Lowest share price	98.32	94.86	106.70

### Class S Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	96.32	106.18	104.81
Return before operating charges*	5.80	(9.82)	1.41
Operating charges	(0.04)	(0.04)	(0.04)
Return after operating charges*	5.76	(9.86)	1.37
Distributions on accumulation shares	(4.04)	(2.65)	(2.35)
Retained distributions on accumulation shares	4.04	2.65	2.35
<b>Closing net asset value per share</b>	<b>102.08</b>	<b>96.32</b>	<b>106.18</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.98%	(9.29)%	1.31%
<b>Other information</b>			
Closing net asset value (£'000)	72,161	9,439	17,530
Closing number of shares	70,694,458	9,800,081	16,509,835
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	102.30	107.30	107.50
Lowest share price	96.78	93.38	105.00

### Class S Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	88.50	100.14	101.06
Return before operating charges*	5.29	(9.12)	1.37
Operating charges	(0.04)	(0.04)	(0.04)
Return after operating charges*	5.25	(9.16)	1.33
Distributions on income shares	(3.66)	(2.48)	(2.25)
<b>Closing net asset value per share</b>	<b>90.09</b>	<b>88.50</b>	<b>100.14</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.93%	(9.15)%	1.32%
<b>Other information</b>			
Closing net asset value (£'000)	32,507	92,985	105,215
Closing number of shares	36,081,713	105,071,616	105,071,616
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	93.05	101.20	103.10
Lowest share price	88.61	86.44	100.80

## Comparative Tables (continued)

### Class Z Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21** (p)
Opening net asset value per share	89.72	99.08	100.00
Return before operating charges*	5.39	(9.13)	(0.86)
Operating charges	(0.22)	(0.23)	(0.06)
Return after operating charges*	5.17	(9.36)	(0.92)
Distributions on accumulation shares	(3.76)	(2.47)	(0.60)
Retained distributions on accumulation shares	3.76	2.47	0.60
<b>Closing net asset value per share</b>	<b>94.89</b>	<b>89.72</b>	<b>99.08</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.76%	(9.45)%	(0.92)%
<b>Other information</b>			
Closing net asset value (£'000)	103,939	103,444	30,307
Closing number of shares	109,538,749	115,301,087	30,587,411
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	95.14	100.10	100.30
Lowest share price	90.15	86.98	99.17

\*\* Class Z Accumulation launched on 22 July 2021.

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	87.35	99.03	100.14
Return before operating charges*	5.21	(9.00)	1.35
Operating charges	(0.21)	(0.23)	(0.24)
Return after operating charges*	5.00	(9.23)	1.11
Distributions on income shares	(3.61)	(2.45)	(2.22)
<b>Closing net asset value per share</b>	<b>88.74</b>	<b>87.35</b>	<b>99.03</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	5.72%	(9.32)%	1.11%
<b>Other information</b>			
Closing net asset value (£'000)	319,233	334,496	359,833
Closing number of shares	359,732,657	382,958,815	363,348,889
Operating charges	0.24%	0.24%	0.24%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	91.79	100.10	102.10
Lowest share price	87.34	85.33	99.66

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Fixed Income – 98.87% (31/10/22 – 97.93%)</b>			
<b>Commercial Mortgage Backed Securities – 0.44% (31/10/22 – 0.69%)</b>			
£6,079,000	Canary Wharf Finance II (A7) FRN 22/10/2037	4,833	0.22
£4,778,000	Stark Financing 2023-1 DAC FRN 17/8/2033	4,766	0.22
<b>Total Commercial Mortgage Backed Securities</b>		<b>9,599</b>	<b>0.44</b>
<b>Corporate Bonds – 98.43% (31/10/22 – 97.06%)</b>			
£3,064,900	A2D Funding II 4.5% 30/9/2026	2,928	0.13
£12,525,000	A2Dominion Housing Group 3.5% 15/11/2028	11,174	0.51
£7,916,000	AA Bond 6.269% 2/7/2043	7,776	0.36
£4,659,000	AA Bond 7.375% 31/7/2050	4,351	0.20
£2,473,000	AA Bond 8.45% 31/7/2050	2,476	0.11
£5,300,000	ABN AMRO 5.125% 22/2/2028	5,096	0.23
£8,737,000	Akelius Residential Property 2.375% 15/8/2025	8,061	0.37
\$4,000,000	Allianz 3.5% variable perpetual	2,711	0.12
£12,318,000	Anglian Water Osprey Financing 4% 8/3/2026	11,214	0.51
£13,500,000	Annington Funding 2.646% 12/7/2025	12,624	0.58
£7,631,000	Annington Funding 3.184% 12/7/2029	6,318	0.29
£150,000	APT Pipelines 3.125% 18/7/2031	119	0.01
£9,475,000	APT Pipelines 3.5% 22/3/2030	7,951	0.36
£13,241,000	Arqiva Financing 4.882% 31/12/2032	7,788	0.36
£4,463,000	Arqiva Financing 5.34% 30/12/2037	4,135	0.19
£4,000,000	Arqiva Financing 7.21% 30/6/2045	4,107	0.19
£13,650,000	Assicurazioni Generali 6.269% perpetual	13,186	0.60
£4,600,000	AT&T 2.9% 4/12/2026	4,218	0.19
£10,192,000	Australia and New Zealand Banking Group 1.809% variable 16/9/2031	8,750	0.40
£1,000,000	Aviva 4.375% variable 12/9/2049	859	0.04
£18,550,000	Aviva 6.125% variable 14/11/2036	18,340	0.84
£6,440,000	AXA 5.453% variable perpetual	6,216	0.28
£26,166,000	AXA 6.6862% variable perpetual	25,809	1.18
£8,200,000	Banco Bilbao Vizcaya Argenta 8.25% variable 30/11/2033	8,305	0.38
£8,000,000	Banco Santander 1.375% 31/7/2024	7,734	0.35
£9,700,000	Banco Santander 1.5% 14/4/2026	8,646	0.40
£9,300,000	Banco Santander 2.25% variable 4/10/2032	7,607	0.35
£2,900,000	Banco Santander 3.125% variable 6/10/2026	2,717	0.12
£4,700,000	Banco Santander 4.75% variable 30/8/2028	4,471	0.20
£2,000,000	Bank of America 7% 31/7/2028	2,095	0.10
£2,430,000	Bank of Montreal 1% 9/9/2026	2,139	0.10
£2,500,000	Banque Federative du Credit Mutuel 1.875% 26/10/2028	2,087	0.10
£7,800,000	Banque Federative Du Credit Mutuel 5% 19/1/2026	7,639	0.35
£5,900,000	Banque Federative Du Credit Mutuel 5.375% 25/5/2028	5,770	0.26
£3,820,000	Barclays 3% 8/5/2026	3,519	0.16
£7,600,000	Barclays 3.25% 12/2/2027	6,865	0.31
£6,197,000	Barclays 8.407% variable 14/11/2032	6,308	0.29
£13,809,000	Barclays Bank 5.75% 14/9/2026	13,670	0.63
£4,252,000	Barclays PLC 7.09% variable 6/11/2029	4,226	0.19
£3,000,000	Blackstone Property Partners Europe 2% 20/10/2025	2,689	0.12
£2,948,000	Blackstone Property Partners Europe 2.625% 20/10/2028	2,292	0.11
£8,700,000	BNP Paribas 1.875% 14/12/2027	7,395	0.34
£31,000,000	BNP Paribas 2% variable 24/5/2031	27,004	1.24
£7,300,000	BNP Paribas 2.875% 24/2/2029	6,202	0.28
£9,500,000	BNP Paribas SA 6% variable 18/8/2029	9,500	0.43
£21,493,000	BP Capital Markets 4.25% variable perpetual	19,206	0.88
£5,000,000	BPCE 1% 22/12/2025	4,538	0.21
£4,000,000	BPCE 1.375% 23/12/2026	3,510	0.16
£12,100,000	BPCE 2.5% variable 30/11/2032	9,954	0.46
£5,500,000	BPCE 5.25% 16/4/2029	5,036	0.23
£9,600,000	BPCE 6% variable 29/9/2028	9,463	0.43
£7,500,000	BPCE 6.125% 24/5/2029	7,375	0.34
£5,635,000	Broadgate 4.999% 5/10/2033	5,306	0.24
£5,000,000	BUPA Finance 5% 8/12/2026	4,752	0.22
£7,300,000	CaixaBank 6.875% variable 25/10/2033	6,982	0.32
£4,807,000	Canadian Imperial Bank of Commerce FRN 23/6/2026	4,854	0.22

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£5,806,000	Canary Wharf Finance II (C2) FRN 22/10/2037	4,427	0.20
£88,325,000	Canary Wharf Finance II 6.455% 22/10/2033	11,088	0.51
£300,000	Channel Link Enterprises Finance FRN 30/12/2050	221	0.01
£13,808,000	Citigroup 5.875% 1/7/2024	13,746	0.63
£9,614,000	Close Brothers Finance 2% variable 11/9/2031	7,894	0.36
£12,273,000	Close Brothers Group 7.75% 14/6/2028	12,328	0.56
£4,700,000	Clydesdale Bank 4.625% 8/6/2026	4,622	0.21
£8,900,000	Commerzbank 1.5% 22/11/2024	8,454	0.39
£10,000,000	Commerzbank 1.75% 22/1/2025	9,430	0.43
£6,000,000	Commonwealth Bank of Australia 3% 4/9/2026	5,636	0.26
£3,200,000	Co-operative Rabobank 1.25% 14/1/2025	3,034	0.14
£3,884,000	Coventry Building Society 7% variable 7/11/2027	3,882	0.18
£6,915,000	CPUK Finance 3.588% 28/2/2042	6,556	0.30
£7,450,000	CPUK Finance 3.69% 28/2/2047	6,543	0.30
£7,800,000	Credit Agricole 1.874% variable 9/12/2031	6,642	0.30
£5,500,000	Credit Agricole 5.75% variable 29/11/2027	5,412	0.25
£16,800,000	Credit Suisse 2.125% variable 12/9/2025	16,158	0.74
£2,583,000	Credit Suisse 2.125% variable 15/11/2029	2,105	0.10
£14,631,000	Credit Suisse 7% variable 30/9/2027	14,714	0.67
£10,660,000	Credit Suisse 7.75% 10/3/2026	10,947	0.50
£5,077,000	Credit Suisse AG London 1.125% 15/12/2025	4,572	0.21
£6,129,000	Credit Suisse AG London 1.5% 10/4/2026	4,966	0.23
£3,500,000	CYBG 3.125% variable 22/6/2025	3,390	0.16
£10,844,000	CYBG 4% variable 25/9/2026	10,136	0.46
£4,289,000	Danske Bank 2.25% 14/1/2028	3,750	0.17
£5,404,000	Danske Bank 4.625% variable 13/4/2027	5,225	0.24
£33,270,000	Delamare Finance 5.5457% 19/2/2029	17,844	0.82
£12,400,000	Deutsche Bank 4% variable 24/6/2026	11,813	0.54
£6,600,000	Deutsche Bank AG 2.625% 16/12/2024	6,296	0.29
£394,000	Digital Stout 2.75% 19/7/2024	384	0.02
£3,345,000	Digital Stout 4.25% 17/1/2025	3,274	0.15
£13,331,000	DNB Bank 1.375% variable 2/12/2025	12,651	0.58
£18,467,000	DNB Bank 2.625% variable 10/6/2026	17,502	0.80
£6,219,000	DNB Bank 4% variable 17/8/2027	5,842	0.27
£8,639,000	DWR Cymru Financing 1.625% 31/3/2026	7,770	0.36
£1,795,000	Eastern Power Networks 8.5% 31/3/2025	1,842	0.08
£3,000,000	Electricite de France 5.875% 18/7/2031	2,905	0.13
£11,106,000	Electricity North West 8.875% 25/3/2026	11,846	0.54
£13,810,000	Enel Finance International 1% 20/10/2027	11,584	0.53
£4,717,000	Enel Finance International NV 2.875% 11/4/2029	4,042	0.19
£2,242,000	Equity Release Funding 5.7% 26/2/2031	993	0.05
£14,956,000	Equity Release Funding 5.88% 26/5/2032	8,626	0.40
£10,000,000	Equity Release Funding No.3 5.05% 26/4/2033	8,817	0.40
£9,787,000	Eversholt Funding 2.742% 30/6/2040	6,646	0.30
£14,997,000	Eversholt Funding 6.697% 22/2/2035	12,488	0.57
£11,083,000	Fidelity International 7.125% 13/2/2024	11,079	0.51
£5,875,000	Fidelity National Information Se 2.25% 3/12/2029	4,769	0.22
£4,125,000	First Abu Dhabi Bank 0.875% 9/12/2025	3,665	0.17
£6,897,000	First Abu Dhabi Bank 1.125% 7/9/2026	5,962	0.27
£7,080,000	First Group 6.875% 18/9/2024	7,087	0.32
£17,786,000	Folio Residential Finance 1.246% 31/10/2037	14,912	0.68
£14,687,000	Fonterra Co-operative 9.375% 4/12/2023	14,727	0.67
£5,661,000	Gatwick Funding 2.5% 15/4/2032	4,587	0.21
£2,444,000	Gatwick Funding 5.25% 23/1/2024	2,438	0.11
£4,000,000	Gatwick Funding 6.125% 2/3/2028	4,002	0.18
£5,122,000	Goldman Sachs 1.5% 7/12/2027	4,322	0.20
£3,952,000	Goldman Sachs 3.625% variable 29/10/2029	3,521	0.16
£6,753,000	Goldman Sachs 7.125% 7/8/2025	6,885	0.32
£9,786,000	Great Rolling Stock 6.5% 5/4/2031	7,166	0.33
£17,580,000	Great Rolling Stock 6.875% 27/7/2035	9,754	0.45
£6,800,000	Greater Gabbard OFTO 4.137% 29/11/2032	4,058	0.19
£5,072,000	Gwynt y Môr OFTO 2.778% 17/2/2034	2,825	0.13
£1,014,960	Haven Funding 7% 30/11/2032	774	0.04
£4,789,866	Haven Funding 8.125% 30/9/2037	4,471	0.20

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)	Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 98.43% (31/10/22 – 97.06%) – continued</b>							
£5,459,000	Heathrow Funding 2.625% 16/3/2028	4,564	0.21	£1,014,000	Mitchells & Butlers FRN 15/12/2033	740	0.03
£4,360,000	Heathrow Funding 2.75% 13/10/2031	3,639	0.17	£11,413,000	Mizuho Financial 5.628% 13/6/2028	11,245	0.52
£20,079,000	Heathrow Funding 6.75% 3/12/2028	20,466	0.94	£1,000,000	MPT Operating Partnership 2.55% 5/12/2023	986	0.05
£5,568,000	HSBC 3% variable 22/7/2028	4,937	0.23	£12,193,000	National Australia Bank 1.699% variable 15/9/2031	10,389	0.48
£23,501,000	HSBC 8.201% variable 16/11/2034	24,115	1.10	£8,000,000	National Grid Electricity Transmission 1.125% 7/7/2028	6,527	0.30
£15,735,000	HSBC Holdings 1.75% variable 24/7/2027	13,943	0.64	£2,427,000	National Grid Electricity Transmission 1.375% 16/9/2026	2,162	0.10
£4,230,000	HSBC Holdings 5.875% variable perpetual	3,729	0.17	£4,700,000	National Grid Gas 7% 16/12/2024	4,727	0.22
£4,828,000	HSBC Holdings 6.8% variable 14/9/2031	4,856	0.22	£4,531,000	Nationwide Building Society 6.125% 21/8/2028	4,571	0.21
£750,000	Iberdrola Finance 7.375% 29/1/2024	752	0.03	£4,149,000	Nationwide Building Society 6.178% variable 7/12/2027	4,101	0.19
£5,730,000	Industrial Commercial Bank of China 1.625% 28/12/2025	5,142	0.24	£6,000,000	Nationwide Building Society FRN 15/12/2023	5,999	0.27
£5,600,000	ING Groep NV 5% variable 30/8/2026	5,492	0.25	£4,988,000	Nationwide Building Society FRN 24/2/2031	4,896	0.22
£18,500,000	ING Groep NV 6.25% variable 20/5/2033	17,580	0.81	£3,366,000	NATS (En Route) 1.375% 31/3/2031	2,834	0.13
£29,632,000	Integrated Accommodation Service 6.48% 31/3/2029	9,961	0.46	£7,000,000	NatWest Group 2.057% variable 9/11/2028	5,923	0.27
£5,701,000	InterContinental Hotels 2.125% 24/8/2026	5,124	0.23	£2,919,000	NatWest Group 3.619% variable 29/3/2029	2,588	0.12
£5,383,000	InterContinental Hotels 3.375% 8/10/2028	4,712	0.22	£6,000,000	NatWest Group 7.416% variable 6/6/2033	5,941	0.27
£5,351,000	Intesa Sanpaolo SpA 6.5% 14/3/2029	5,177	0.24	£5,499,000	NatWest Markets 6.375% 8/11/2027	5,561	0.25
£2,368,000	Investec 1.25% variable 11/8/2026	1,901	0.09	£5,200,000	NatWest Markets 6.625% 22/6/2026	5,256	0.24
£12,957,000	Investec 1.875% variable 16/7/2028	10,599	0.49	£1,000,000	NatWest Markets 7.5% 29/4/2024	1,005	0.05
£4,141,000	Investec 2.625% variable 4/1/2032	3,374	0.15	£7,871,000	New York Life Global Funding 0.75% 14/12/2028	6,306	0.29
£6,715,000	Investec 9.125% variable 6/3/2033	6,717	0.31	£10,770,000	New York Life Global Funding 1.25% 17/12/2026	9,505	0.44
£6,250,000	JRP Group 9% 26/10/2026	6,557	0.30	£6,250,000	New York Life Global Funding 4.35% 16/9/2025	6,110	0.28
£2,567,000	Jupiter Fund Management 8.875% variable 27/7/2030	2,537	0.12	£11,252,000	NGG Finance 5.625% variable 18/6/2073	10,756	0.49
£6,722,000	Just Group 7% variable 15/4/2031	6,462	0.30	£4,200,000	NIBC Bank 3.125% 15/11/2023	4,193	0.19
£1,038,000	Just Group 8.125% 26/10/2029	1,033	0.05	£13,727,000	NIE Finance 2.5% 27/10/2025	12,877	0.59
£17,179,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	11,229	0.51	£10,730,000	NIE Finance 6.375% 2/6/2026	10,864	0.50
£5,000,000	KBC 1.25% variable 21/9/2027	4,366	0.20	£8,571,000	Nordea Bank Abp 1.625% variable 9/12/2032	6,933	0.32
£10,000,000	KBC 5.5% variable 20/9/2028	9,735	0.45	£5,282,000	Nordea Bank Abp 6% variable 2/6/2026	5,279	0.24
£8,000,000	La Banque Postale 5.625% variable 21/9/2028	7,766	0.36	£17,101,000	Octagon Healthcare 5.333% 31/12/2035	11,830	0.54
£4,000,000	La Mondiale SAM 4.8% variable 18/1/2048	2,848	0.13	£8,894,000	OP Corporate Bank 1.375% 4/9/2026	7,766	0.36
£4,338,000	Land Securities 5.391% variable 31/3/2027	4,280	0.20	£10,884,000	OP Corporate Bank 3.375% 14/1/2026	10,346	0.47
£28,898,000	Land Securities Capital Markets 1.974% 8/2/2026	28,581	1.31	£5,557,000	OSB Group 9.5% variable 7/9/2028	5,553	0.25
£7,080,000	Land Securities Capital Markets 2.375% 29/3/2029	6,343	0.29	£5,780,000	OSB Group 9.993% variable 27/7/2033	5,484	0.25
£3,900,000	Legal & General 3.75% variable 26/11/2049	3,212	0.15	£5,500,000	Pension Insurance 6.5% 3/7/2024	5,470	0.25
£7,608,000	Legal & General 5.125% variable 14/11/2048	6,949	0.32	£11,367,000	PGH Capital 6.625% 18/12/2025	11,303	0.52
£15,200,000	Legal & General 5.375% variable 27/10/2045	14,752	0.68	£11,399,000	Places for People Homes 3.625% 22/11/2028	10,208	0.47
£13,797,000	Legal & General 5.5% variable 27/6/2064	11,725	0.54	£22,874,000	Places for People Homes 5.09% 31/7/2043	22,666	1.04
£4,500,000	Legal & General 5.625% variable perpetual	3,510	0.16	£11,219,000	Places for People Treasury 2.875% 17/8/2026	10,325	0.47
£4,162,000	Liverpool Victoria Friendly Society 6.5% variable 22/5/2043	4,001	0.18	£3,617,000	Porterbrook Rail Finance 7.125% 20/10/2026	3,748	0.17
£7,804,000	Lloyds Bank 4.875% 30/3/2027	7,710	0.35	£1,667,000	Premier Transmission Finance 5.2022% 31/3/2030	627	0.03
£4,050,000	Lloyds Banking Group 1.875% variable 15/1/2026	3,835	0.18	£16,434,000	Principality Building Society 8.625% 12/7/2028	16,931	0.78
£10,198,000	Lloyds Banking Group 2% variable 12/4/2028	8,838	0.40	£9,522,000	Protective Life Global Funding 5.248% 13/1/2028	9,319	0.43
£7,923,000	Lloyds Banking Group 2.707% variable 3/12/2035	5,808	0.27	£11,037,000	QBE Insurance 2.5% variable 13/9/2038	8,810	0.40
£9,111,000	Lloyds Banking Group 6.625% variable 2/6/2033	8,830	0.40	£5,080,000	Quadrant Housing 7.93% Step 10/2/2033	4,181	0.19
£16,453,000	Logicor 2019 1.875% 17/11/2031	14,556	0.67	£2,090,000	RAC Bond Co 8.25% 6/5/2046	2,110	0.10
£12,049,000	London & Quadrant 2.625% 5/5/2026	11,161	0.51	£2,635,000	Realty Income 1.875% 14/1/2027	2,315	0.11
£8,921,000	London Merchant Securities 6.5% 16/3/2026	8,906	0.41	£9,007,000	Rothsay Life 3.375% 12/7/2026	8,210	0.38
£33,465,000	Longstone Finance 4.791% 19/4/2036	11,777	0.54	£7,900,000	Rothsay Life 5.5% variable 17/9/2029	7,756	0.36
£13,486,000	M&G 3.875% variable 20/7/2049	13,192	0.60	£5,000,000	Rothsay Life 6.875% variable perpetual	4,133	0.19
£9,389,000	M&G 5% variable 20/7/2055	7,766	0.36	£7,280,000	Royal Bank of Canada 5% 24/1/2028	7,017	0.32
£19,500,000	M&G 5.625% variable 20/10/2051	16,924	0.78	£10,000,000	Royal Bank of Scotland 2.875% variable 19/9/2026	9,345	0.43
£6,202,000	Macquarie Bank 1.125% 15/12/2025	5,669	0.26	£5,792,000	Royal Bank of Scotland 3.125% variable 28/3/2027	5,346	0.24
£5,215,000	Meadowhall Finance FRN 12/7/2037	2,964	0.14	£7,500,000	Royal Bank of Scotland 3.622% variable 14/8/2030	7,041	0.32
£8,489,000	Metropolitan Life Global Funding 1.625% 12/10/2028	7,062	0.32	£8,123,000	RSA Insurance 5.125% variable 10/10/2045	7,817	0.36
€6,027,000	Metropolitan Life Global Funding 4% 5/4/2028	5,253	0.24	£2,443,000	Sanctuary 8.375% 1/9/2031	2,070	0.09
£4,603,000	Metropolitan Life Global Funding 4.125% 2/9/2025	4,481	0.21	£1,500,000	Santander 3.625% 14/1/2026	1,412	0.06
£5,119,000	Mitchells & Butlers (A1N) FRN 15/12/2030	1,771	0.08				
£11,700,000	Mitchells & Butlers (A4) FRN 15/12/2028	5,689	0.26				
£27,889,000	Mitchells & Butlers 5.574% 15/12/2030	6,576	0.30				

**Portfolio Statement** (continued)

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Corporate Bonds – 98.43% (31/10/22 – 97.06%) – continued</b>			
£6,287,000	Santander UK 2.421% variable 17/01/2029	5,281	0.24
£13,404,000	Santander UK 2.92% variable 8/5/2026	12,613	0.58
£5,000,000	Santander UK 7.098% variable 16/11/2027	5,028	0.23
£6,365,000	Santander UK FRN 12/2/2024	6,373	0.29
£8,056,000	Skandinaviska Enskilda Banken 5.5% 1/6/2026	7,998	0.37
£7,702,000	Skipton Building Society 2% variable 02/10/2026	7,031	0.32
£5,222,000	Skipton Building Society 6.25% variable 25/4/2029	5,033	0.23
£5,260,000	Society of Lloyds 4.875% variable 7/2/2047	4,878	0.22
£5,575,000	South East Water 5.5834% 29/3/2029	5,285	0.24
£4,869,000	South Eastern Power Networks 5.5% 5/6/2026	4,840	0.22
£5,843,000	Southern Water Services Finance 1.625% 30/3/2027	4,912	0.23
£12,000,000	Southern Water Services Finance 6.64% 31/3/2026	11,850	0.54
£2,805,000	SPD Finance UK 5.875% 17/7/2026	2,812	0.13
£7,577,000	SSE 3.74% variable perpetual	6,895	0.32
£10,406,000	Stagecoach 4% 29/9/2025	9,846	0.45
£3,692,000	Standard Chartered 3.971% variable 30/3/2026	2,925	0.13
£8,024,000	Stirling Water Seafield 5.822% 26/9/2026	1,705	0.08
£3,000,000	Sustainable Communities for Leeds Finance 5.069% 30/9/2032	1,758	0.08
£2,247,000	Svenska Handelsbanken 4.625% variable 23/8/2032	2,051	0.09
£6,504,000	Swedbank 1.375% variable 8/12/2027	5,627	0.26
£10,557,000	Swedbank 7.272% variable 15/11/2032	10,419	0.48
£5,733,000	Telefonica Emisiones 5.375% 2/2/2026	5,683	0.26
£13,378,000	Telereal Secured Finance 4.01% 10/12/2033	6,615	0.30
£4,392,000	Telereal Securitisation 1.3657% 10/12/2033	2,637	0.12
£3,977,000	Telereal Securitisation 1.9632% variable 10/12/2033	3,576	0.16
£2,494,000	Telereal Securitisation 3.507% variable 10/12/2033	2,245	0.10
£15,364,000	Telereal Securitisation 4.9741% 10/12/2033	5,925	0.27
£22,512,000	Telereal Securitisation 6.1645% 10/12/2033	18,333	0.84
£4,500,000	Telereal Securitisation FRN 10/12/2033	1,480	0.07
£5,201,000	Telereal Securitisation FRN 10/12/2033	3,834	0.18
£1,800,000	Telereal Securitisation FRN 10/12/2033	1,426	0.07
£20,339,000	Thames Water Utilities 4% 19/6/2025	19,107	0.88
£5,796,000	Thames Water Utilities Finance 4% 18/4/2027	4,728	0.22
£5,096,000	Toronto Dominion Bank 2.875% 5/4/2027	4,634	0.21
£7,088,000	Toyota Motor Credit Corp 5.625% 23/10/2028	7,086	0.32
£3,520,000	TP ICAP 5.25% 29/5/2026	3,319	0.15
£5,649,000	TP ICAP Finance 7.875% 17/4/2030	5,483	0.25
£2,570,000	Trafford Centre 6.5% 28/7/2033	1,586	0.07
£13,650,000	Trafford Centre FRN 28/7/2035	10,920	0.50
£2,224,000	UBS Jersey 8.75% 18/12/2025	2,295	0.10
£9,013,000	UK Municipal Bonds Agency Finance FRN 12/3/2025	9,016	0.41
£18,758,000	Unite USAF II 3.921% 30/6/2030	17,996	0.82
£2,200,000	Vicinity Centres 3.375% 7/4/2026	2,068	0.09
£10,788,000	Virgin Money 2.625% variable 19/8/2031	9,186	0.42
£7,946,000	Virgin Money 5.125% variable 11/12/2030	7,432	0.34
£2,752,000	Virgin Money UK 7.625% variable 23/8/2029	2,760	0.13
£8,000,000	Volkswagen Financial Services 1.625% 10/2/2024	7,898	0.36
£6,800,000	Volkswagen Financial Services 2.125% 18/1/2028	5,731	0.26
£4,000,000	Volkswagen Financial Services 3.25% 13/4/2027	3,612	0.17
£3,000,000	Volkswagen Financial Services 4.25% 9/10/2025	2,892	0.13
£5,800,000	Volkswagen Financial Services NV 6.5% 18/9/2027	5,803	0.27
£1,400,000	Volkswagen International Finance 3.375% 16/11/2026	1,293	0.06
£5,000,000	Volkswagen International Finance 4.375% variable perpetual	3,459	0.16

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£3,900,000	Volkswagen International Finance 7.5% variable perpetual	3,434	0.16
£5,760,000	Weir Group 6.875% 14/6/2028	5,755	0.26
£4,268,000	Wells Fargo 2% 28/7/2025	3,980	0.18
£8,590,000	Wells Fargo 3.473% variable 26/4/2028	7,815	0.36
£20,239,000	Wessex Water 5.375% 10/3/2028	19,550	0.90
£18,311,000	Western Power Distribution 3.5% 16/10/2026	17,106	0.78
£14,738,000	Western Power Distribution 3.875% 17/10/2024	14,437	0.66
£14,898,000	Western Power Distribution 5.5% 9/5/2025	14,841	0.68
£4,349,000	Western Power Distribution 5.875% 25/3/2027	4,366	0.20
£6,500,000	Westfield America Management 2.125% 30/3/2025	6,087	0.28
£17,371,000	Westfield Stratford City 1.642% 4/8/2031	15,206	0.70
£4,445,000	Westpac Banking Corp FRN 11/1/2028	4,455	0.20
£1,759,000	Whitbread Group 2.375% 31/5/2027	1,526	0.07
£8,838,000	White City Property 5.1202% 17/4/2035	6,386	0.29
£2,370,000	Worcestershire Hospital 5.57% 31/12/2030	1,083	0.05
£1,455,000	Workspace Group 2.25% 11/3/2028	1,140	0.05
£3,597,000	Yorkshire Building Society 13.5% 1/4/2025	3,853	0.18
£5,056,000	Yorkshire Building Society 3.375% variable 13/9/2028	4,332	0.20
£6,383,000	Yorkshire Building Society 6.375% variable 15/11/2028	6,216	0.28
£5,106,000	Yorkshire Building Society 7.375% variable 12/9/2027	5,139	0.24
£6,144,000	Yorkshire Water Finance 5.25% 28/4/2030	5,739	0.26
<b>Total Corporate Bonds</b>		<b>2,148,621</b>	<b>98.43</b>
<b>Government Bonds – 0.00% (31/10/22 – 0.00%)</b>			
<b>Index Linked Bonds – 0.00% (31/10/22 – 0.18%)</b>			
<b>Forward Currency Contracts – 0.00% (31/10/22 – 0.02%)</b>			
	Buy £23,875,771 & Sell €27,410,000 <sup>†</sup>	(62)	–
	Buy £8,112,008 & Sell \$9,810,000 <sup>†</sup>	32	–
<b>Total Forward Currency Contracts</b>		<b>(30)</b>	<b>–</b>
<b>Total value of investments<sup>^</sup></b>		<b>2,158,190</b>	<b>98.87</b>
<b>Net other assets</b>		<b>24,600</b>	<b>1.13</b>
<b>Total net assets</b>		<b>2,182,790</b>	<b>100.00</b>

<sup>^</sup> Including investment liabilities<sup>†</sup> Unlisted

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
HSBC 8.201% variable 16/11/2034	24,189
ING Groep NV 6.25% variable 20/5/2033	17,749
Wessex Water 5.375% 10/3/2028	16,006
Logicor 2019 1.875% 17/11/2031	14,596
Assicurazioni Generali 6.269% perpetual	13,587
Legal & General 5.5% variable 27/6/2064	12,878
M&G 3.875% variable 20/7/2049	12,716
AXA 6.6862% variable perpetual	12,484
Principality Building Society 8.625% 12/7/2028	12,418
Close Brothers Group 7.75% 14/6/2028	12,288
<b>Subtotal</b>	<b>148,911</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,004,322</b>

### Significant Sales

	Proceeds £'000
Principality Building Society 2.375% 23/11/2023	17,103
HSBC 5.375% variable 4/11/2030	16,496
Asciano Finance 5% 19/9/2023	14,424
Royal Bank of Canada 3.625% 14/6/2027	11,951
E ON International Finance BV 5.625% 06/12/2023	11,641
Investec 4.25% variable 24/7/2028	11,284
Orange 5.75% variable perpetual	11,116
Bayerische Landesbank 1% 20/12/2024	10,747
Scottish Widows 5.5% 16/6/2023	10,652
Society of Lloyds 4.75% 30/10/2024	10,489
<b>Subtotal</b>	<b>125,903</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>471,321</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital gains/ (losses)	2	26,487	(191,911)
Revenue	3	77,201	39,952
Expenses	4	(1,583)	(1,491)
Interest payable and similar charges		(25)	(17)
Net revenue before taxation		75,593	38,444
Taxation	5	–	–
Net revenue after taxation		75,593	38,444
Total return/(deficit) before distributions		102,080	(153,467)
Distributions	6	(77,176)	(39,934)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>24,904</b>	<b>(193,401)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		2,158,252	1,606,406
<b>Current assets:</b>			
Debtors	7	36,636	23,422
Cash and bank balances	8	6,221	47,155
<b>Total assets</b>		<b>2,201,109</b>	<b>1,676,983</b>
<b>Liabilities</b>			
Investment liabilities		62	–
<b>Creditors:</b>			
Other creditors	9	14,251	33,787
Distribution payable		4,006	3,238
<b>Total liabilities</b>		<b>18,319</b>	<b>37,025</b>
<b>Net assets attributable to shareholders</b>		<b>2,182,790</b>	<b>1,639,958</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>1,639,958</b>	<b>1,459,587</b>
Amounts receivable on creation of shares	740,164	664,688
Amounts payable on cancellation of shares	(288,117)	(322,017)
	452,047	342,671
Dilution adjustment charged	2,128	1,764
Change in net assets attributable to shareholders from investment activities	24,904	(193,401)
Retained distributions on accumulation shares	63,753	29,337
<b>Closing net assets attributable to shareholders</b>	<b>2,182,790</b>	<b>1,639,958</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital gains/(losses)

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital gains/(losses) during the year comprise:</b>		
Non-derivative securities	25,386	(190,528)
Currency (losses)/gains	(180)	214
Forward currency contracts	1,281	(1,597)
<b>Net capital gains/(losses)</b>	<b>26,487</b>	<b>(191,911)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities	76,349	39,706
Bank interest	724	140
Stock lending income	128	106
<b>Total revenue</b>	<b>77,201</b>	<b>39,952</b>

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,583	1,491
<b>Total expenses</b>	<b>1,583</b>	<b>1,491</b>

\* Audit fee £18,832 (31/10/22: £17,935) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	75,593	38,444
Corporation tax at 20% (31/10/22: 20%)	15,119	7,689
Effects of:		
Tax deductible interest distributions	(15,119)	(7,689)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset in relation to surplus management expenses (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
First Interim	11,291	5,795
Second Interim	14,341	6,388
Third Interim	17,504	8,038
Final	20,616	9,116
	63,752	29,337
<b>Income shares</b>		
First Interim	3,769	2,649
Second Interim	4,235	2,852
Third Interim	4,701	3,180
Final	4,006	3,238
	16,711	11,919
<b>Net distributions for the year</b>	<b>80,463</b>	<b>41,256</b>
Add: Amounts deducted on cancellation of shares	1,030	1,090
Deduct: Amounts received on the creation of shares	(4,317)	(2,412)
<b>Gross interest distributions for the year</b>	<b>77,176</b>	<b>39,934</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	75,593	38,444
Movement in income carried forward	–	(1)
Expenses charged to capital	1,583	1,491
<b>Gross interest distributions for the year</b>	<b>77,176</b>	<b>39,934</b>

Details of the distribution per share are set out on pages 214 to 217.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	35	178
Sales awaiting settlement	43	–
Accrued revenue	36,558	23,244
<b>Total debtors</b>	<b>36,636</b>	<b>23,422</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	6,221	47,155
<b>Total cash and bank balances</b>	<b>6,221</b>	<b>47,155</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	1,211	33,659
Purchases awaiting settlement	12,900	–
Accrued expenses	140	128
<b>Total other creditors</b>	<b>14,251</b>	<b>33,787</b>

### 10. Reconciliation of number of shares

	Class N Accumulation	Class R Accumulation
Opening shares at 01/11/23	713,243,022	383,996,919
Shares issued	216,052,506	396,125,932
Shares cancelled	(62,657,603)	(83,048,880)
<b>Closing shares at 31/10/23</b>	<b>866,637,925</b>	<b>697,073,971</b>

	Class S Accumulation	Class S Income
Opening shares at 01/11/23	9,800,081	105,071,616
Shares issued	60,894,377	54,951
Shares cancelled	–	(69,044,854)
<b>Closing shares at 31/10/23</b>	<b>70,694,458</b>	<b>36,081,713</b>

	Class Z Accumulation	Class Z Income
Opening shares at 01/11/23	115,301,087	382,958,815
Shares issued	6,465,332	49,223,996
Shares cancelled	(12,227,670)	(72,450,154)
<b>Closing shares at 31/10/23</b>	<b>109,538,749</b>	<b>359,732,657</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £1,316,000 (31/10/22: £33,737,000).

At the year end, 31 October 2023, 24.83% (31/10/22: 19.24%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £32,000 (Gross: £128,000) (31/10/22: £27,000 (Gross: £133,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £49,263,000 (31/10/22: £75,329,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	52,213	83,606

The aggregate value of collateral held at the balance sheet date was £52,213,000 (31/10/22: £83,606,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Citigroup Global Markets, Barclays Bank, BNP Paribas London, JP Morgan Securities, RBC Europe Limited, Lloyds Bank Corporate Markets, Goldman Sachs, Morgan Stanley & Co International.

### 14. Financial derivatives

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

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

Details of the individual contracts are shown on the portfolio statement on pages 204 to 206, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	32	259

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: none).

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 208. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased/increased by £87,000 (31/10/22: £20,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased/decreased by £87,000 (31/10/22: £20,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £215,819,000 (31/10/22: £160,641,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £215,819,000 (31/10/22: £160,641,000). These calculations assume all other variables remain constant.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

#### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	858,184	1,273,965	36,044	2,168,193
Euro	8,800	14,946	479	24,225
US dollar	8,546	–	145	8,691
<b>Total</b>	<b>875,530</b>	<b>1,288,911</b>	<b>36,668</b>	<b>2,201,109</b>
<b>31 Oct 2022</b>				
Sterling	664,333	975,227	23,186	1,662,746
Euro	5,143	–	226	5,369
US dollar	8,599	–	269	8,868
<b>Total</b>	<b>678,075</b>	<b>975,227</b>	<b>23,681</b>	<b>1,676,983</b>

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	18,257	18,257
Euro	–	62	62
<b>Total</b>	<b>–</b>	<b>18,319</b>	<b>18,319</b>
<b>31 Oct 2022</b>			
Sterling	–	37,025	37,025
<b>Total</b>	<b>–</b>	<b>37,025</b>	<b>37,025</b>

Based on 2023 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £3,866,000 (31/10/22: £4,645,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/10/23, would change by £1,850,000 (31/10/22: £2,179,000).

A change of 3% in the prevailing interest rates would result in a change of 0.08% (31/10/22: 0.09%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.03% (31/10/22: 0.03%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	2,015,242	92.32	1,544,357	94.16
Investments of below investment grade	4,987	0.23	–	–
Unrated bonds	137,991	6.32	61,790	3.77
<b>Total bonds</b>	<b>2,158,220</b>	<b>98.87</b>	<b>1,606,147</b>	<b>97.93</b>
Forward currency contracts – assets	32	–	259	0.02
<b>Investments as shown in the balance sheet</b>	<b>2,158,252</b>	<b>–</b>	<b>1,606,406</b>	<b>97.95</b>
Forward currency contracts – liabilities	(62)	–	–	–
<b>Total value of investments</b>	<b>2,158,190</b>	<b>98.87</b>	<b>1,606,406</b>	<b>97.95</b>

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

### 16. Portfolio transaction costs

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchase	1,004,322	854,978
Total corporate actions	109,701	–
Total sales	361,620	489,931

At the balance sheet date the portfolio dealing spread was 0.44% (31/10/22: 0.59%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	2,158,220	–	2,158,220
Derivatives	–	32	–	32
<b>Total</b>	<b>–</b>	<b>2,158,252</b>	<b>–</b>	<b>2,158,252</b>
<b>Investment liabilities</b>				
Derivatives	–	(62)	–	(62)
<b>Total</b>	<b>–</b>	<b>(62)</b>	<b>–</b>	<b>(62)</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	1,606,147	–	1,606,147
Derivatives	–	259	–	259
<b>Total</b>	<b>–</b>	<b>1,606,406</b>	<b>–</b>	<b>1,606,406</b>

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £2,281,476,270. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 4.02%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### First Interim

Group 1: Shares purchased prior to 1 November 2022

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

	Net income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
<b>Class N Accumulation</b>				
Group 1	0.9262	–	0.9262	0.9262
Group 2	0.4059	0.5203	0.9262	0.9262
<b>Class R Accumulation</b>				
Group 1	0.8930	–	0.8930	0.6030
Group 2	0.6453	0.2477	0.8930	0.6030
<b>Class S Accumulation</b>				
Group 1	0.8790	–	0.8790	0.5937
Group 2	0.8790	0.0000	0.8790	0.5937
<b>Class S Income</b>				
Group 1	0.8077	–	0.8077	0.5599
Group 2	0.8077	0.0000	0.8077	0.5599
<b>Class Z Accumulation</b>				
Group 1	0.8186	–	0.8186	0.5539
Group 2	0.0531	0.7655	0.8186	0.5539
<b>Class Z Income</b>				
Group 1	0.7970	–	0.7970	0.5536
Group 2	0.4192	0.3778	0.7970	0.5536

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Second Interim**

Group 1: Shares purchased prior to 1 February 2023

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

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class N Accumulation</b>				
Group 1	0.9815	–	0.9815	0.6606
Group 2	0.3215	0.6600	0.9815	0.6606
<b>Class R Accumulation</b>				
Group 1	0.9463	–	0.9463	0.6371
Group 2	0.3001	0.6462	0.9463	0.6371
<b>Class S Accumulation</b>				
Group 1	0.9315	–	0.9315	0.6271
Group 2	0.9315	0.0000	0.9315	0.6271
<b>Class S Income</b>				
Group 1	0.8484	–	0.8484	0.5881
Group 2	0.8484	0.0000	0.8484	0.5881
<b>Class Z Accumulation</b>				
Group 1	0.8670	–	0.8670	0.5848
Group 2	0.1806	0.6864	0.8670	0.5848
<b>Class Z Income</b>				
Group 1	0.8367	–	0.8367	0.5812
Group 2	0.5347	0.3020	0.8367	0.5812

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Third Interim**

Group 1: Shares purchased prior to 1 May 2023

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

	Net income	Equalisation	Distribution paid 30/09/23	Distribution paid 30/09/22
<b>Class N Accumulation</b>				
Group 1	1.1404	–	1.1404	0.7446
Group 2	0.2602	0.8802	1.1404	0.7446
<b>Class R Accumulation</b>				
Group 1	1.0996	–	1.0996	0.7180
Group 2	0.3891	0.7105	1.0996	0.7180
<b>Class S Accumulation</b>				
Group 1	1.0824	–	1.0824	0.7067
Group 2	1.0824	0.0000	1.0824	0.7067
<b>Class S Income</b>				
Group 1	0.9765	–	0.9765	0.6588
Group 2	0.9765	0.0000	0.9765	0.6588
<b>Class Z Accumulation</b>				
Group 1	1.0069	–	1.0069	0.6588
Group 2	0.2768	0.7301	1.0069	0.6588
<b>Class Z Income</b>				
Group 1	0.9626	–	0.9626	0.6507
Group 2	0.5011	0.4615	0.9626	0.6507

**Distribution Tables** (continued)

For the year ended 31 October 2023

**Distribution in pence per share****Final**

Group 1: Shares purchased prior to 1 August 2023

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

	Net income	Equalisation	Distribution Payable 31/12/23	Distribution paid 31/12/22
<b>Class N Accumulation</b>				
Group 1	1.2110	–	1.2110	0.7630
Group 2	0.4566	0.7544	1.2110	0.7630
<b>Class R Accumulation</b>				
Group 1	1.1675	–	1.1675	0.7358
Group 2	0.6910	0.4765	1.1675	0.7358
<b>Class S Accumulation</b>				
Group 1	1.1492	–	1.1492	0.7243
Group 2	1.1492	0.0000	1.1492	0.7243
<b>Class S Income</b>				
Group 1	1.0259	–	1.0259	0.6703
Group 2	0.0680	0.9579	1.0259	0.6703
<b>Class Z Accumulation</b>				
Group 1	1.0686	–	1.0686	0.6747
Group 2	1.0686	0.0000	1.0686	0.6747
<b>Class Z Income</b>				
Group 1	1.0108	–	1.0108	0.6617
Group 2	0.4824	0.5284	1.0108	0.6617

# Royal London Short Duration Global Index Linked Fund

## Manager's Investment Report

### Fund performance

12 months to 31 October 2023

	1 year total return %	3 year total return %	5 year total return %
Short Duration Global Index Linked Fund, Class M Income	1.29	1.33	9.90
Short Duration Global Index Linked Fund, Class R Accumulation	1.55	1.93	10.99
Short Duration Global Index Linked Fund, Class Z Income	1.37	1.41	10.13
30% Barclays UKG Inflation Linked Bond 1-10yr Index,	1.53	1.68	9.50
70% Barclays WG Inflation Linked Bond (ex UK) 1-10yr Index (GBP Hedged)*	1.53	1.68	9.50
IA Global Inflation Linked Bond TR	-2.01	-8.22	2.39

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

### Performance overview

The Fund performed in line with its benchmark over the last twelve months, but outperformed the average fund in the Investment Association Global Inflation Linked Bond sector.

### Market overview

Over the past twelve months, bond markets have been dominated by interest rates and inflation. Following the additional government support during Covid and the Russian invasion of Ukraine, many economies have seen a resurgence in inflation, leading major central banks such as the Federal Reserve, European Central Bank and Bank of England to raise rates numerous times.

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

### Portfolio commentary

The Fund aims to outperform by taking positions in a number of areas, principally the overall levels of yields, changes in inflation expectations, relative performance of long and short dated bonds, and looking for value in other markets relative to the UK. Volatility in government bond markets has been high over the past twelve months, and reflecting this volatility, the positions we have tended to take this year have been somewhat smaller to control overall Fund risk.

The Fund's 'short duration' objective was helpful over the period, particularly earlier in the period. This means the Fund has much lower exposure to rising or falling yields. During a period of rising yields this helps Fund performance. For the first half of the period, we were generally positioned for yields to rise, and this helped performance. This was a long-held stance for the Fund, as we had felt that bonds were vulnerable with yields at or near record lows. After around 18 months of central bank interest rate rises and bond yields increasing alongside this, we felt these were attractive and reversed our stance. This was generally negative in the final months of the period but we feel will be beneficial beyond that.

Cross market exposure, where we will sell UK bonds in favour of overseas equivalents, was generally helpful. Since the Brexit vote of 2016, we have generally felt that UK bonds looked poor value compared to other markets, and therefore often held positions in overseas markets. However, the crisis in government bonds markets following the short-lived Kwarteng mini-budget meant that the UK performed much worse than other markets. This meant that we were generally neutrally positioned over the period, occasionally taking advantage of excessive market moves to add to favoured markets such as the US, Australia and France.

## Manager's Investment Report (continued)

### Investment outlook

We expect the downward trend in inflation to continue through the rest of 2023 and into 2024, due to energy and food price increases slowing and sluggish economic growth. However, while inflation may fall sharply we believe it is likely to remain well above target in most economies for some time, particularly so in the UK. Mild recessions are possible but we do not believe severe recessions are likely, and this would give central banks freedom to leave interest rates at current levels for some time, rather than needing to cut in early 2024.

For global government bonds, supply will be an issue for the market over the next few years. With this expected to rise to records levels alongside quantitative tightening (where central banks sell their holdings back into the market), this will put pressure on global yields. However, this effect will not be uniform, with the likes of Germany and Canada and New Zealand all announcing that they will no longer issue inflation-linked bonds due to weak demand – albeit these are small components of global indices and hence the impact on the market will be small. In general though, yields have risen materially over the past few years, and we believe that these are now beginning to offer long-term value.

**Paul Rayner**  
**Fund Manager**  
**Royal London Asset Management Limited**  
**31 October 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](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Assessment of Value report is available at [www.rlam.com](http://www.rlam.com).

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Fund name at <https://www.rlam.com/uk/individual-investors/funds>. 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. A copy of Royal London Asset Management Limited's annual TCFD Report can also be found on our website.

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

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

## Comparative Tables

### Class M Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	103.40	112.28	108.81
Return before operating charges*	1.55	(4.79)	5.40
Operating charges	(0.28)	(0.30)	(0.30)
Return after operating charges*	1.27	(5.09)	5.10
Distributions on income shares	(3.23)	(3.79)	(1.63)
<b>Closing net asset value per share</b>	<b>101.44</b>	<b>103.40</b>	<b>112.28</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	1.23%	(4.53)%	4.69%
<b>Other information</b>			
Closing net asset value (£'000)	222,002	284,545	251,757
Closing number of shares	218,861,186	275,182,536	224,218,814
Operating charges	0.27%	0.27%	0.27%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.20	116.00	115.00
Lowest share price	102.40	103.10	108.60

### Class R Accumulation

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	109.12	114.10	108.76
Return before operating charges*	1.61	(4.90)	5.42
Operating charges	(0.08)	(0.08)	(0.08)
Return after operating charges*	1.53	(4.98)	5.34
Distributions on accumulation shares	(3.41)	(3.88)	(1.62)
Retained distributions on accumulation shares	3.41	3.88	1.62
<b>Closing net asset value per share</b>	<b>110.65</b>	<b>109.12</b>	<b>114.10</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	1.40%	(4.36)%	4.91%
<b>Other information</b>			
Closing net asset value (£'000)	114,908	222,657	199,603
Closing number of shares	103,844,033	204,052,175	174,935,926
Operating charges	0.07%	0.07%	0.07%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	113.20	118.00	115.20
Lowest share price	108.70	106.00	108.60

### Class Z Income

Change in net assets per share	31/10/23 (p)	31/10/22 (p)	31/10/21 (p)
Opening net asset value per share	104.02	112.89	109.24
Return before operating charges*	1.56	(4.87)	5.44
Operating charges	(0.23)	(0.24)	(0.25)
Return after operating charges*	1.33	(5.11)	5.19
Distributions on income shares	(3.24)	(3.76)	(1.54)
<b>Closing net asset value per share</b>	<b>102.11</b>	<b>104.02</b>	<b>112.89</b>
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	1.28%	(4.53)%	4.75%
<b>Other information</b>			
Closing net asset value (£'000)	229,837	294,372	249,307
Closing number of shares	225,084,082	282,982,245	220,832,200
Operating charges	0.22%	0.22%	0.22%
Direct transaction costs	–	–	–
<b>Prices<sup>^</sup></b>			
Highest share price	107.90	116.70	115.50
Lowest share price	103.00	103.60	109.00

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

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

## Portfolio Statement

As at 31 October 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Government Index-Linked Bonds – 100.49% (31/10/22 – 100.30%)</b>			
€5,099,000	Federal Republic of Germany 0.1% IL 15/4/2033	5,058	0.89
€8,723,953	Federal Republic of Germany 0.5% IL 15/4/2030	9,504	1.68
AUD32,020,000	Government of Australia 0.25% IL 21/11/2032	15,874	2.80
C\$1,259,000	Government of Canada 4.25% IL 1/12/2026	1,429	0.25
€9,605,000	Government of France 0.1% IL 1/3/2028	9,555	1.69
€8,290,000	Government of France 0.1% IL 25/7/2031	8,080	1.43
€25,323,000	Government of France 0.1% IL 1/3/2032	23,447	4.14
€2,421,724	Government of France 0.7% IL 25/7/2030	2,609	0.46
€785,911	Government of France 1.85% IL 25/7/2027	944	0.17
¥98,400,000	Government of Japan 0.1% IL 10/3/2024	602	0.11
¥1,176,400,000	Government of Japan 0.1% IL 10/9/2024	7,036	1.24
¥335,000,000	Government of Japan 0.1% IL 10/3/2025	2,020	0.36
¥316,400,000	Government of Japan 0.1% IL 10/3/2026	1,930	0.34
¥577,000,000	Government of Japan 0.1% IL 10/3/2028	3,527	0.62
¥729,100,000	Government of Japan 0.2% IL 10/3/2030	4,557	0.80
NZ\$340,000	Government of New Zealand 2% IL 20/9/2025	208	0.04
€4,933,000	Government of Spain 0.65% IL 30/11/2027	5,184	0.91
€3,833,000	Government of Spain 0.7% IL 30/11/2033	3,705	0.65
SEK22,040,000	Government of Sweden 0.125% IL 1/6/2032	1,926	0.34
SEK34,030,000	Government of Sweden 1% IL 1/6/2025	3,219	0.57
€10,696,000	Republic of Italy 0.15% IL 15/5/2051	8,500	1.50
€9,548,000	Republic of Italy 0.4% IL 15/5/2030	8,847	1.56
€2,025,000	Republic of Italy 0.65% IL 15/5/2026	2,016	0.36
€3,298,000	Republic of Italy 1.25% IL 15/9/2032	3,237	0.57
£4,550,000	UK Treasury 0.125% IL 22/3/2024	7,006	1.24
£2,963,612	UK Treasury 0.125% IL 22/3/2026	4,254	0.75
£21,158,000	UK Treasury 0.125% IL 10/8/2028	27,881	4.92
£18,236,369	UK Treasury 0.125% IL 22/3/2029	28,057	4.95
£32,371,000	UK Treasury 0.75% IL 22/11/2033	32,466	5.73
£16,206,000	UK Treasury 1.25% IL 22/11/2027	32,264	5.69
£6,194,512	UK Treasury 1.25% IL 22/11/2032	11,207	1.98
£5,647,000	UK Treasury 4.125% IL 22/7/2030	18,931	3.34
\$800	US Treasury 0.125% IL 15/10/2025*	1	–
\$22,946,900	US Treasury 0.125% IL 15/4/2026	20,700	3.65
\$30,940,900	US Treasury 0.125% IL 15/7/2026	30,536	5.39
\$7,054,000	US Treasury 0.125% IL 15/1/2030	5,988	1.06
\$29,798,300	US Treasury 0.125% IL 15/7/2030	25,187	4.44
\$20,404,000	US Treasury 0.125% IL 15/1/2031	16,726	2.95
\$1,510,300	US Treasury 0.125% IL 15/7/2031	1,193	0.21
\$40,883,500	US Treasury 0.25% IL 15/7/2029	35,784	6.31
\$45,090,900	US Treasury 0.375% IL 15/1/2027	43,878	7.74
\$5,572,000	US Treasury 0.375% IL 15/7/2027	5,329	0.94
\$900	US Treasury 0.5% IL 15/4/2024*	1	–
\$19,913,400	US Treasury 0.5% IL 15/1/2028	18,742	3.31
\$2,995,000	US Treasury 0.625% IL 15/1/2026	3,033	0.54
\$18,643,000	US Treasury 0.875% IL 15/1/2029	17,198	3.03
\$43,109,600	US Treasury 1.125% IL 15/1/2033	32,434	5.72
\$3,730,000	US Treasury 1.75% IL 15/1/2028	4,354	0.77
\$1,828,900	US Treasury 2% IL 15/1/2026	2,284	0.40
\$3,810,000	US Treasury 2.375% IL 15/1/2027	4,731	0.83
\$3,889,000	US Treasury 3.625% IL 15/4/2028	6,348	1.12
<b>Total Government Index-Linked Bonds</b>		<b>569,527</b>	<b>100.49</b>

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
<b>Forward Currency Contracts – (0.69)% (31/10/22 – 1.18%)</b>			
	Buy €12,537,000 & Sell £10,988,415 <sup>†</sup>	(37)	–
	Buy £15,949,670 & Sell AUD30,419,000 <sup>†</sup>	49	0.01
	Buy £1,425,947 & Sell CAD2,375,000 <sup>†</sup>	15	–
	Buy £105,372,948 & Sell €121,510,000 <sup>†</sup>	(774)	(0.14)
	Buy £19,789,504 & Sell JPY3,561,616,000 <sup>†</sup>	185	0.03
	Buy £191,295 & Sell NZ\$390,000 <sup>†</sup>	4	–
	Buy £5,200,351 & Sell SEK69,251,000 <sup>†</sup>	78	0.01
	Buy £303,507,419 & Sell \$372,810,000 <sup>†</sup>	(3,542)	(0.62)
	Buy \$41,257,000 & Sell £33,877,938 <sup>†</sup>	102	0.02
<b>Total Forward Currency Contracts</b>		<b>(3,920)</b>	<b>(0.69)</b>
<b>Total value of investments<sup>^</sup></b>		<b>565,607</b>	<b>99.80</b>
<b>Net other assets</b>		<b>1,140</b>	<b>0.20</b>
<b>Total net assets</b>		<b>566,747</b>	<b>100.00</b>

<sup>†</sup> Unlisted

<sup>\*</sup> Value less than £1,000

<sup>^</sup> Including investment liabilities

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

## Summary of Material Portfolio Changes

For the year ended 31 October 2023

### Significant Purchases

	Cost £'000
UK Treasury 0.125% IL 22/3/2024	185,719
UK Treasury 1.25% IL 22/11/2032	144,938
UK Treasury 0.125% IL 22/3/2029	143,304
UK Treasury 1.25% IL 22/11/2027	98,653
UK Treasury 0.125% IL 10/8/2031	78,636
UK Treasury 0.75% IL 22/3/2034	70,996
US Treasury 0.5% IL 15/1/2028	70,217
UK Treasury 0.125% IL 10/8/2028	65,525
US Treasury 0.375% IL 15/1/2027	64,091
UK Treasury 0.75% IL 22/11/2033	61,711
<b>Subtotal</b>	<b>983,790</b>
<b>Total cost of purchases, including the above, for the year</b>	<b>1,524,427</b>

### Significant Sales

	Proceeds £'000
UK Treasury 0.125% IL 22/3/2024	190,818
UK Treasury 1.25% IL 22/11/2027	147,079
UK Treasury 1.25% IL 22/11/2032	142,213
UK Treasury 0.125% IL 22/3/2029	118,988
UK Treasury 0.125% IL 10/8/2031	94,273
UK Treasury 0.75% IL 22/3/2034	74,261
US Treasury 0.5% IL 15/1/2028	70,725
US Treasury 0.375% IL 15/1/2027	65,287
US Treasury 0.125% IL 15/1/2032	58,874
UK Treasury 0.125% IL 10/8/2028	55,638
<b>Subtotal</b>	<b>1,018,156</b>
<b>Total proceeds from sales, including the above, for the year</b>	<b>1,744,435</b>

## Financial Statements

### Statement of Total Return

For the year ended 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Income</b>			
Net capital losses	2	(19,270)	(89,248)
Revenue	3	33,686	51,352
Expenses	4	(1,468)	(1,555)
Interest payable and similar charges		(19)	(9)
Net revenue before taxation		32,199	49,788
Taxation	5	–	–
Net revenue after taxation		32,199	49,788
Total return/(deficit) before distributions		12,929	(39,460)
Distributions	6	(21,041)	(27,417)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(8,112)</b>	<b>(66,877)</b>

### Balance Sheet

As at 31 October 2023

	Note	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Assets</b>			
Investments		569,960	813,421
<b>Current assets:</b>			
Debtors	7	21,145	3,547
Cash and bank balances	8	42	46
<b>Total assets</b>		<b>591,147</b>	<b>817,014</b>
<b>Liabilities</b>			
Investment liabilities		4,353	–
<b>Creditors:</b>			
Other creditors	9	10,359	524
Distribution payable		9,688	14,916
<b>Total liabilities</b>		<b>24,400</b>	<b>15,440</b>
<b>Net assets attributable to shareholders</b>		<b>566,747</b>	<b>801,574</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 October 2023

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Opening net assets attributable to shareholders</b>	<b>801,574</b>	<b>700,667</b>
Amounts receivable on creation of shares	103,590	346,631
Amounts payable on cancellation of shares	(333,829)	(186,694)
	(230,239)	159,937
Dilution adjustment charged	59	112
Change in net assets attributable to shareholders from investment activities	(8,112)	(66,877)
Retained distributions on accumulation shares	3,465	7,735
<b>Closing net assets attributable to shareholders</b>	<b>566,747</b>	<b>801,574</b>

## Notes to the Financial Statements

For the year ended 31 October 2023

### 1. Accounting policies

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

### 2. Net capital losses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>The net capital losses during the year comprise:</b>		
Non-derivative securities	(43,385)	(14,338)
Currency (losses)/gains	(10,204)	13,669
Forward currency contracts	34,319	(88,579)
<b>Net capital losses</b>	<b>(19,270)</b>	<b>(89,248)</b>

### 3. Revenue

	31 Oct 2023 £'000	31 Oct 2022 £'000
Interest on debt securities*	33,474	51,230
Bank interest	145	48
Stock lending income	67	74
<b>Total revenue</b>	<b>33,686</b>	<b>51,352</b>

\* This includes a cash flow adjustment for inflation assumptions which is excluded from the distribution.

### 4. Expenses

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:</b>		
Fund Management Fee*	1,468	1,555
<b>Total expenses</b>	<b>1,468</b>	<b>1,555</b>

\* Audit fee £22,650 (31/10/22: £21,571) inclusive of VAT is paid from the Fund Management Fee.

### 5. Taxation

#### a) Analysis of charge for the year

	31 Oct 2023 £'000	31 Oct 2022 £'000
Corporation tax at 20%	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/10/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue before taxation	32,199	49,788
Corporation tax at 20% (31/10/22: 20%)	6,440	9,958
Effects of:		
Tax deductible interest distributions	(3,915)	(5,173)
Tax relief on index-linked gilts	(2,525)	(4,785)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

#### c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/10/22: same).

#### d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £3,000 (31/10/22: £3,000) in relation to surplus management expenses £nil (31/10/22: £nil) and non-trading deficits £3,000 (31/10/22: £3,000). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 6. Distributions

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
<b>Accumulation shares</b>		
Interim	1,082	2,086
Final	2,383	5,648
	3,465	7,734
<b>Income shares</b>		
Interim	5,769	5,898
Final	9,688	14,916
	15,457	20,814
<b>Net distributions for the year</b>	<b>18,922</b>	<b>28,548</b>
Add: Income tax withheld on distributions	–	–
Add: Amounts deducted on cancellation of shares	2,590	2,727
Deduct: Amounts received on the creation of shares	(471)	(3,858)
<b>Gross interest distributions for the year</b>	<b>21,041</b>	<b>27,417</b>

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

	31 Oct 2023 £'000	31 Oct 2022 £'000
Net revenue after taxation	32,199	49,788
Expenses charged to capital	1,468	1,555
Indexation not distributed	(12,626)	(23,926)
<b>Gross interest distributions for the year</b>	<b>21,041</b>	<b>27,417</b>

Details of the distribution per share are set out on page 230.

### 7. Debtors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts receivable on creation of shares	52	1,761
Sales awaiting settlement	19,940	–
Accrued revenue	1,153	1,786
<b>Total debtors</b>	<b>21,145</b>	<b>3,547</b>

### 8. Cash and bank balances

	31 Oct 2023 £'000	31 Oct 2022 £'000
Cash and bank balances	42	46
<b>Total cash and bank balances</b>	<b>42</b>	<b>46</b>

### 9. Other creditors

	31 Oct 2023 £'000	31 Oct 2022 £'000
Amounts payable on cancellation of shares	3,031	389
Purchases awaiting settlement	7,195	–
Foreign exchange purchases awaiting settlement	27	–
Accrued expenses	106	135
<b>Total other creditors</b>	<b>10,359</b>	<b>524</b>

### 10. Reconciliation of number of shares

	Class M Income	Class R Accumulation
Opening shares at 01/11/22	275,182,536	204,052,175
Shares issued	31,651,021	19,528,415
Shares cancelled	(87,972,371)	(119,736,557)
<b>Closing shares at 31/10/23</b>	<b>218,861,186</b>	<b>103,844,033</b>

	Class Z Income
Opening shares at 01/11/22	282,982,245
Shares issued	47,262,014
Shares cancelled	(105,160,177)
<b>Closing shares at 31/10/23</b>	<b>225,084,082</b>

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

### 11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/10/22: same).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 12. Related party transactions

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

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

At the year end the balance due to/(from) Royal London Unit Trust Managers Limited in respect of these transactions was £3,083,000 (31/10/22: £1,237,000).

At the year end, 31 October 2023, 10.60% (31/10/22: 8.09%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

### 13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £17,000 (Gross: £84,000) (31/10/22: £19,000 (Gross: £93,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £35,204,000 (31/10/22: £114,879,000).

The collateral held by asset type at the year end is stated below:

Asset class	31 Oct 2023	31 Oct 2022
	Collateral Held £'000	Collateral Held £'000
Bonds	36,983	125,240

The aggregate value of collateral held at the balance sheet date was £36,983,000 (31/10/22: £125,240,000).

Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure.

The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Banco Santander, Natixis, and UBS.

### 14. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on page 221, and the total position held by the counterparty at the year end is summarised below:

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

Counterparty	Forward currency contracts	
	31 Oct 2023 £'000	31 Oct 2022 £'000
Barclays Bank	185	–
Citigroup Global Markets	(103)	–
Goldman Sachs	–	475
JP Morgan	78	4
Royal Bank of Canada	(4,043)	8,949

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

At 31 October 2023 there was no collateral held in respect of the above derivatives (31/10/22: £nil).

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 11 and 12.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 223. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 Oct 2023 £'000	31 Oct 2022 £'000
Sterling	566,370	798,729
Australian dollar	(19)	235
Canadian dollar	42	4
Euro	(1,563)	12,108
Japanese yen	70	234
New Zealand dollar	21	115
Swedish krona	34	4
US dollar	1,792	(9,855)
<b>Total</b>	<b>566,747</b>	<b>801,574</b>

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £38,000 (31/10/22: £285,000)

If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £38,000 (31/10/22: £285,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £56,561,000 (31/10/22: £81,342,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £56,561,000 (31/10/22: £81,342,000). These calculations assume all other variables remain constant.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>				
Sterling	162,079	–	12,438	174,517
Australian dollar	15,875	–	57	15,932
Canadian dollar	1,429	–	39	1,468
Euro	90,714	–	2,916	93,630
Japanese yen	19,672	–	188	19,860
New Zealand dollar	208	–	4	212
Swedish krona	5,145	–	90	5,235
US dollar	274,447	–	5,846	280,293
<b>Total</b>	<b>569,569</b>	<b>–</b>	<b>21,578</b>	<b>591,147</b>
<b>31 Oct 2022</b>				
Sterling	216,209	–	2,645	218,854
Australian dollar	10,874	–	134	11,008
Canadian dollar	4,975	–	129	5,104
Euro	132,736	–	2,129	134,865
Japanese yen	29,393	–	445	29,838
New Zealand dollar	248	–	–	248
Swedish krona	3,948	–	72	4,020
US dollar	405,656	–	7,421	413,077
<b>Total</b>	<b>804,039</b>	<b>–</b>	<b>12,975</b>	<b>817,014</b>

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 15. Risk disclosures – continued

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

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
<b>31 Oct 2023</b>			
Sterling	–	14,653	14,653
Australian dollar	–	2	2
Euro	–	772	772
US dollar	–	8,973	8,973
<b>Total</b>	<b>–</b>	<b>24,400</b>	<b>24,400</b>
<b>31 Oct 2022</b>			
Sterling	–	15,440	15,440
<b>Total</b>	<b>–</b>	<b>15,440</b>	<b>15,440</b>

Due to no Floating Rate Note stocks being held, there is no requirement to calculate interest sensitivity (31/10/22: same).

A change of 3% in the prevailing interest rates would result in a change of 0.16% (31/10/22: 0.15%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 0.05% (31/10/22: 0.05%) to the value of the Fund.

These examples represent the ACD's best estimate of possible shifts in interest rates.

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

Credit breakdown*	31 Oct 2023		31 Oct 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	569,527	100.49	803,993	100.30
<b>Total bonds</b>	<b>569,527</b>	<b>100.49</b>	<b>803,993</b>	<b>100.30</b>
Forward currency contracts – assets	433	0.07	9,428	1.18
<b>Investments as shown in the balance sheet</b>	<b>569,960</b>	<b>100.56</b>	<b>813,421</b>	<b>101.48</b>
Forward currency contracts – liabilities	(4,353)	(0.76)	–	–
<b>Total value of investments</b>	<b>565,607</b>	<b>99.80</b>	<b>813,421</b>	<b>101.48</b>

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

### 16. Portfolio transaction costs

	31 Oct 2023 £'000	31 Oct 2022 £'000
There were no transaction costs for the year ended 31 October 2023 (31/10/22: same)		
Total purchases	1,524,427	2,375,020
Total sales	1,744,435	2,296,335

The Fund had no corporate actions during the year (31/10/22: none).

At the balance sheet date the portfolio dealing spread was 0.13% (31/10/22: 0.14%).

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

## Notes to the Financial Statements (continued)

For the year ended 31 October 2023

### 17. Fair value of investments

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

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

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

#### As at the year ended 31 October 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	569,527	–	569,527
Derivatives	–	433	–	433
<b>Total</b>	<b>–</b>	<b>569,960</b>	<b>–</b>	<b>569,960</b>
<b>Investment liabilities</b>				
Derivatives	–	4,353	–	4,353
<b>Total</b>	<b>–</b>	<b>4,353</b>	<b>–</b>	<b>4,353</b>

#### As at the year ended 31 October 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
<b>Investments</b>				
Bonds	–	803,993	–	803,993
Derivatives	–	9,428	–	9,428
<b>Total</b>	<b>–</b>	<b>813,421</b>	<b>–</b>	<b>813,421</b>
<b>Investment liabilities</b>				
Derivatives	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### 18. Events after the balance sheet date

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

The net asset value (NAV) of the Fund as at 1 February 2024 was £589,233,092. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 October 2023 and the date of which the financial statements were authorised for issue was 1.68%.

There have been no significant redemptions during this period.

## Distribution Tables

For the year ended 31 October 2023

### Distribution in pence per share

#### Interim

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 30 April 2023

	Net income	Equalisation	Distribution paid 30/06/23	Distribution paid 30/06/22
<b>Class M Income</b>				
Group 1	1.0521	–	1.0521	1.1070
Group 2	0.5951	0.4570	1.0521	1.1070
<b>Class R Accumulation</b>				
Group 1	1.1142	–	1.1142	1.1103
Group 2	0.5954	0.5188	1.1142	1.1103
<b>Class Z Income</b>				
Group 1	1.0587	–	1.0587	1.0989
Group 2	0.4828	0.5759	1.0587	1.0989

#### Final

Group 1: Shares purchased prior to 1 May 2023

Group 2: Shares purchased between 1 May 2023 and 31 October 2023

	Net income	Equalisation	Distribution payable 29/12/23	Distribution paid 30/12/22
<b>Class M Income</b>				
Group 1	2.1805	–	2.1805	2.6819
Group 2	1.2691	0.9114	2.1805	2.6819
<b>Class R Accumulation</b>				
Group 1	2.2950	–	2.2950	2.7681
Group 2	1.7541	0.5409	2.2950	2.7681
<b>Class Z Income</b>				
Group 1	2.1841	–	2.1841	2.6629
Group 2	1.3956	0.7885	2.1841	2.6629

## Fact File

### Constitution

#### Royal London Sterling Credit Fund

<b>Launch date</b>	30 October 2009		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
		Class S	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.53%
		Class R	0.06%
		Class S	0.05%
		Class Z	0.35%

#### Royal London Short Term Money Market Fund

<b>Launch date</b>	30 April 2010		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class R	n/a	
	Class S	n/a	
	Class Y	£1,000,000 (thereafter £100)	
<b>Management charges:</b>	<b>Initial</b>	Class R	nil
		Class S	nil
		Class Y	nil
	<b>Annual</b>	Class R	0.03%
		Class S	0.03%
		Class Y	0.10%

#### Royal London Global Index Linked Fund

<b>Launch date</b>	27 January 2010		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.50%
		Class R	0.11%
		Class Z	0.36%

**Fact File** (continued)**Constitution** (continued)**Royal London Corporate Bond Fund**

<b>Launch date</b>	30 April 2010		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class A	£1,000 (thereafter £100)	
	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class Y	£150,000,000 (thereafter £500,000)	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class A	nil
		Class M	nil
		Class R	nil
		Class S	nil
		Class Y	nil
		Class Z	nil
	<b>Annual</b>	Class A	0.69%
		Class M	0.56%
		Class R	0.09%
		Class S	0.11%
		Class Y	0.37%
		Class Z	0.41%*

\* Reduced to 0.35% on 18 December 2023.

**Royal London Index Linked Fund**

<b>Launch date</b>	30 April 2010		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
	<b>Annual</b>	Class M	0.30%
		Class R	0.08%

**Royal London UK Government Bond Fund**

<b>Launch date</b>	30 April 2010		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class X	£25,000,000 (thereafter £50,000)	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
		Class S	nil
		Class X	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.30%
		Class R	0.09%
		Class S	0.10%
		Class X	0.25%
		Class Z	0.25%

**Fact File** (continued)**Constitution** (continued)**Royal London Short Term Fixed Income Fund**

<b>Launch date</b>	15 June 2011		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £50,000)	
	Class R	n/a	
	Class S	n/a	
	Class X	£200,000,000 (thereafter £1,000,000)	
	Class Y	£1,000,000 (thereafter £50,000)	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
		Class S	nil
		Class X	nil
		Class Y	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.25%
		Class R	0.03%
		Class S	0.03%
		Class X	0.11%
		Class Y	0.15%
		Class Z	0.03%

**Royal London International Government Bond Fund**

<b>Launch date</b>	4 November 2011		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class A	£1,000 (thereafter £100)	
	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
<b>Management charges:</b>	<b>Initial</b>	Class A	nil
		Class M	nil
		Class R	nil
		Class S	nil
	<b>Annual</b>	Class A	0.95%
		Class M	0.30%
		Class R	0.05%
		Class S	0.05%

**Royal London Diversified Asset-Backed Securities Fund**

<b>Launch date</b>	24 September 2012		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class R	nil
		Class S	nil
		Class Z	nil
	<b>Annual</b>	Class R	0.06%
		Class S	0.06%
		Class Z	0.425%

**Fact File** (continued)**Constitution** (continued)**Royal London Short Duration Gilts Fund**

<b>Launch date</b>	7 November 2013		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class N	n/a	
	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class N	nil
		Class R	nil
		Class S	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.29%
		Class N	0.04%
		Class R	0.09%
		Class S	0.07%
		Class Z	0.22%

**Royal London Short Term Fixed Income Enhanced Fund**

<b>Launch date</b>	18 May 2015		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class R	n/a	
	Class S	n/a	
	Class Y	£1,000,000 (thereafter £50,000)	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class R	nil
		Class S	nil
		Class Y	nil
		Class Z	nil
		<b>Annual</b>	Class R
		Class S	0.03%
		Class Y	0.18%
		Class Z	0.03%

**Royal London Cautious Managed Fund**

<b>Launch date</b>	10 June 2015		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
<b>Minimum investment</b>	Class A	£5,000 (thereafter £500)	
	Class R	n/a	
<b>Management charges:</b>	<b>Initial</b>	Class A	nil
		Class R	nil
	<b>Annual</b>	Class A	0.70%
		Class R	0.10%

**Fact File** (continued)**Constitution** (continued)**Royal London Investment Grade Short Dated Credit Fund**

<b>Launch date</b>	7 December 2015		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	31 March (interim)		
	30 June (interim)		
	30 September (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class N	n/a	
	Class R	n/a	
	Class S	n/a	
	Class X	£150,000,000 (thereafter £500,000)	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class N	nil
		Class R	nil
		Class S	nil
		Class X	nil
		Class Z	nil
		<b>Annual</b>	Class M
	Class N		0.03%
	Class R		0.04%
	Class S		0.04%
	Class X		0.175%
	Class Z		0.24%

**Royal London Short Duration Global Index Linked Fund**

<b>Launch date</b>	23 February 2016		
<b>Accounting end dates</b>	31 October (final)		
	30 April (interim)		
<b>Distribution dates</b>	31 December (final)		
	30 June (interim)		
<b>Minimum investment</b>	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
<b>Management charges:</b>	<b>Initial</b>	Class M	nil
		Class R	nil
		Class Z	nil
	<b>Annual</b>	Class M	0.27%
		Class R	0.07%
		Class Z	0.22%

## Fact File (continued)

### Investment Objective and Policies

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

#### Royal London Sterling Credit Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3-5 years, by investing at least 80% in sterling-denominated corporate bond.

The Fund's performance target is to outperform the Markit iBoxx Sterling Non-Gilts Total Return GBP Index (the "Index") over a rolling 5-year period.

At least 80% of the Fund will be invested in Policy investment grade corporate bonds and in index linked corporate bonds, securitisations, supranational bonds, agency bonds, floating-rate notes and asset-backed securities each denominated in sterling or hedged back to sterling. These Investments will generally be fixed-rate issues.

Up to 10% of the Fund may be invested in collective investment schemes.

The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

#### Royal London Global Index Linked Fund

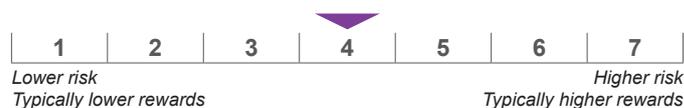
The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3-5 years, by investing at least 80% in index-linked bonds issued by governments globally.

The Fund's performance target is to outperform the Bloomberg World Government Inflation Linked Bond Total Return Index (GBP Hedged) (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of global index-linked government bonds.

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

A limited amount of the Fund's assets may be invested in other transferable securities, money market instruments and exchange-traded funds. The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Short Term Money Market Fund

The Fund's investment objective is to preserve capital and provide an income over rolling 12-month periods by investing at least 80% in cash and cash equivalents.

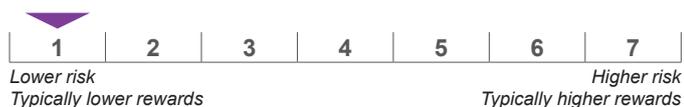
The Fund's performance target is to outperform, after the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) over rolling 12-month periods.

At least 80% of the Fund will be invested in eligible instruments as permitted by the Money Market Funds Regulation. These will include cash, time deposits, certificates of deposit, commercial paper, floating-rate notes, and short-dated government bonds.

The Fund may also hold a small amount of the portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

Money market instruments will have a minimum rating of A-1, P-1 or F1 or long-term equivalent.

#### Risk and reward profile



The Fund is ranked in risk category 1 because its share price has shown a very low level of volatility historically. As an investment, money market instruments are less volatile than bonds and shares.

#### Royal London Corporate Bond Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3-5 years, by investing at least 80% in sterling-denominated corporate bonds.

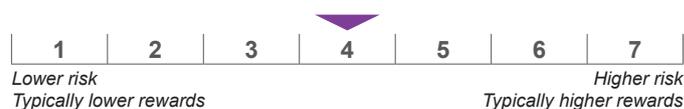
The Fund's performance target is to outperform the Markit iBoxx Sterling Non-Gilt Total Return GBP Index (the "Index") over a rolling 5-year period.

At least 80% of the Fund will be invested in Policy investment grade corporate bonds and in index linked corporate bonds, securitisations, supranational bonds, agency bonds, floating-rate notes and asset backed securities each denominated in sterling or hedged back to sterling. These investments will generally be fixed-rate issues

Up to 10% of the Fund may be invested in collective investment schemes.

The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Index Linked Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3-5 years, by investing mainly in index-linked bonds issued by the UK government, known as gilts.

The Fund's performance target is to outperform the FTSE<sup>®</sup> Actuaries UK Index Linked Gilts All Stock Index (the "Index") over a rolling 5-year period.

The Index is regarded as a good measure of the performance of index-linked UK government bonds.

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

A limited amount of the Fund's assets may be invested in other transferable securities, money market instruments and exchange-traded funds. The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



The Fund is ranked in risk category 6 because its share price has shown a high level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by governments are less volatile than bonds issued by corporations.

#### Royal London UK Government Bond Fund

The Fund's investment objective is to achieve a total return over (combination of capital growth and income) the medium term, which should be considered as a period of 3–5 years, by predominantly investing in UK government bonds, also known as gilts.

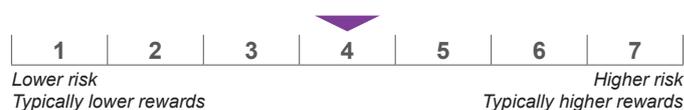
The Fund's performance target is to outperform the FTSE<sup>®</sup> Actuaries UK Conventional Gilts All Stocks Index (the "Index") over a rolling 5-year period.

The Index is regarded as a good measure of the performance of every UK government bond quoted on the London Stock Exchange.

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

A limited amount of the Fund's assets may be invested in other transferable securities, money market instruments and exchange-traded funds. The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Short Term Fixed Income Fund

The Fund's investment objective is to achieve a total return over rolling 12-month periods by mainly investing in Short Term Fixed Income Securities.

The Fund's performance target is to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) by 0.50% per annum over rolling 12-month periods.

To achieve this objective a minimum of 50% of the Fund will be invested in a combination of money market instruments, including cash, time deposits, certificates of deposit and commercial paper and floating rate notes.

Government bonds are also included in this segment of the Fund. In exceptional circumstances the Fund may invest up to 100% in money market instruments.

The Fund will also invest in a range of securities, including corporate bonds and supranational & agency bonds, asset backed securities and/or transferable securities.

The Fund may also make use of reverse repurchase agreements.

The Fund may also hold derivatives for the purposes of Efficient Portfolio Management only.

#### Risk and reward profile



The Fund is ranked in risk category 1 because its share price has shown a very low level of volatility historically. As an investment, money market instruments and bonds are less volatile than shares.

#### Royal London International Government Bond Fund

The Fund's investment objective is to achieve a total return over the medium term, which should be considered as a period of 3-5 years, by primarily investing in government bonds globally.

The Fund's performance target is to outperform the JP Morgan Traded World ex UK Government Bond Index (GBP hedged) (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of government bonds across the developed markets.

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

To achieve this objective, the Fund will invest primarily in investment grade international government bonds. It may also invest in UK government bonds, investment grade non-government bonds, other transferable securities, deposits and cash. It may also hold derivatives for the purpose of Efficient Portfolio Management only.

#### Risk and reward profile



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

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Diversified Asset-Backed Securities Fund

The Fund's investment objective is to achieve a positive absolute return in all market conditions over rolling 3-year periods, by predominantly investing at least 80% in asset-backed securities and other sterling-denominated corporate bonds.

The Fund's performance target is to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) plus 2% per annum over rolling 3-year periods.

The Fund will be actively managed, with the majority of assets in asset backed securities and other sterling corporate bonds, which will generally be fixed and floating-rate issues.

The remainder of the Fund's assets may be invested in a range of securities, including government bonds, index-linked bonds and bonds denominated in currencies other than sterling.

Up to 10% may be invested in collective investment schemes. A limited amount may also be invested in money market instruments and other transferable securities.

The Fund may also hold derivatives for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

#### Royal London Short Duration Gilts Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3–5 years, by predominantly investing in short-duration (1-5 years) UK government bonds, which are also known as gilts.

The Fund's performance target is to outperform the FTSE® Actuaries UK Conventional Gilts up to 5 Years Index (the "Index") over a rolling 5-year period.

The Index is regarded as a good measure of the performance of short duration UK government bonds quoted on the London Stock Exchange.

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

To achieve this objective the Fund will invest predominantly in short dated UK government bonds. The Fund may also invest in other debt securities such as overseas government bonds, UK and overseas corporate bonds, floating rate notes and money market instruments, and also in other transferable securities, cash, near cash and collective investment schemes as the Investment Adviser deems appropriate. The debt securities in which the Fund invests may be investment grade or non-investment grade. It may also hold derivatives for the purpose of Efficient Portfolio Management.

#### Risk and reward profile



The Fund is ranked in risk category 2 because its simulated share price has shown a low level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by governments are less volatile than bonds issued by corporations.

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Short Term Fixed Income Enhanced Fund

The Fund's investment objective is to achieve a total return over rolling 12-month periods by mainly investing in short term fixed income securities.

The Fund's performance target is to outperform, the Bank of England Sterling Overnight Interbank Average (SONIA) by 1.00% over rolling 12-month periods.

To achieve this objective the Fund will invest at least 60% in short term fixed income securities using in a combination of money market instruments, including cash, time deposits, certificates of deposit, commercial paper and floating rate notes. Short term corporate bonds, covered bonds and asset backed securities will also be included.

In exceptional circumstances the Fund may invest up to 100% in money market instruments.

The Fund may also invest in a range of other securities including the use of reverse repurchase agreements. The Fund will not invest in other funds, known as CIS. The Fund may also hold derivatives for the purposes of Efficient Portfolio Management only.

#### Risk and reward profile



The Fund is ranked in risk category 2 because its simulated share price has shown a low level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by governments are less volatile than bonds issued by corporations.

#### Royal London Cautious Managed Fund

The Fund's investment objective is to achieve a total return over the course of a market cycle, which should be considered as a period of 6–7 years, by predominantly investing in other funds, known as collective investment schemes.

The Fund will be invested in collective investment schemes ("CIS") which can invest in investment and sub-investment grade bonds, and the shares of UK and overseas companies (UK companies are those domiciled in the UK, or which have significant UK business operations). The Fund's CIS holdings will for the most part be managed by Royal London Unit Trust Managers Limited (RLUTM) or another Royal London Group company. The Fund's manager can, however, invest a limited amount of assets in other CIS where they feel it is appropriate. And where the manager believes it is in the best interests of the Fund.

The Fund may also hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

## Fact File (continued)

### Investment Objective and Policies (continued)

#### Royal London Investment Grade Short Dated Credit Fund

The Fund's investment objective is to achieve a total return over the medium term (3–5 years) by investing at least 80% in investment-grade bonds.

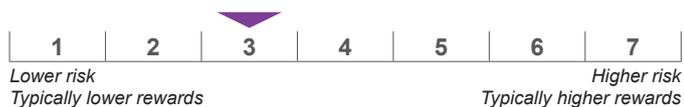
The Fund will seek to outperform its benchmark, ICE Bank of America 1-5 Year Sterling Non-Gilt Index, by 0.25% per annum over rolling three year periods. The Index is regarded as a good measure of the performance of short-dated sterling denominated bonds, not including those issued by the UK government.

To achieve this objective the Fund will invest predominantly in investment grade sterling bonds, of which these will be primarily short dated. The bonds invested in will include corporate bonds, asset backed securities, floating rate notes, UK government bonds and supranationals and agencies and will be issued by companies and organisations which meet the Fund's predefined ethical criteria. Any non-sterling bonds in which the Fund invests will be hedged back to sterling. In the event that a bond is downgraded so that it is no longer investment grade, the Fund may hold on to the asset or sell it (taking account of liquidity, value and other factors).

The Fund may also invest in cash and near cash, money market instruments, other transferable securities and other collective investment schemes.

The Fund may hold derivatives for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

#### Royal London Short Duration Global Index Linked Fund

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term, which should be considered as a period of 3–5 years, by predominantly investing in short-duration (1-10 years) index-linked bonds.

The Fund's performance target is to outperform a composite benchmark of the 30% Bloomberg Total Return GBP UK Government Inflation Linked Bond 1-10 year Index, 70% Bloomberg World Government Inflation Linked Bond (ex UK) 1-10 year GBP Index (the "Index") over a rolling 5-year period.

The Index is a good measure of the performance of index-linked UK government bonds and government bonds globally.

The Index is considered an appropriate benchmark for the Fund's performance, as many of the Fund's potential investments will be included in either the Bloomberg UK Government Inflation Linked Bond 1-10 year Index or the Bloomberg World Government Inflation Linked Bond (ex UK) 1-10 year Total Return GBP Index.

To achieve this objective the Fund will invest predominantly in short dated UK and global index linked government and corporate bonds and will overall, have a short duration.

The Fund may also invest in other debt securities such as government and corporate bonds, floating rate notes and money market instruments, and also in other transferable securities, cash, near cash and collective investment schemes as the Investment Manager deems appropriate. The debt securities in which the Fund invests may be investment grade or non-investment grade.

It may hold derivatives for the purposes of Efficient Portfolio Management.

#### Risk and reward profile



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

**Fact File** (continued)**Investment Objective and Policies** (continued)

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

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

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

## **Appendix – Additional Information (unaudited)**

### **Securities Financing Transactions**

The Funds engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Funds' involvement in and exposures related to securities lending for the period ended 31 October 2023 are detailed on the following pages.

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Sterling Credit Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	4.01%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£88,641,131	3.98%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
Government of Japan 0% 10/4/2024	4,287,650,000	23,345
Cash	13,260,000	13,260
UK Treasury 1.125% 22/11/2037	5,806,038	10,760
Government of France 2% 25/5/2048	13,922,000	8,617
Federal Republic of Germany 0% 15/08/2050	20,610,835	8,056
Government of France 0.75% 25/5/2088	6,160,000	4,865
US Treasury 1.875% 28/2/2027	5,646,400	4,244
Government of France 5.5% 25/4/2029	3,179,500	3,176
Government of Canada 3.25% 1/9/2028	4,394,000	2,526
UK Treasury 0.125% 22/3/2029	1,264,150	1,943

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
JP Morgan Securities	22,353
BNP Paribas London	22,177
Barclays Bank	13,070
Goldman Sachs International	12,378
HSBC Bank	9,071
Morgan Stanley & Co International	7,604
Citigroup Global Markets	1,465
RBC Europe	523
	<b>88,641</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	93,838
		<b>93,838</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	93,838
	<b>93,838</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	35,680
Canadian dollar	2,530
Euro	26,399
Japanese yen	23,345
Norwegian krone	1,529
US dollar	4,355
	<b>93,838</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	88,641
	<b>88,641</b>

##### Country in which counterparties are established

###### Counterparty

All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	211	
Agents fee	(42)	20.00%
<b>Fund net return</b>	<b>169</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Global Index Linked Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	15.51%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£46,652,890	15.70%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Government of Japan 0.6% 20/12/2046	10,000,000,000	42,598
Government of Japan 0.7% 20/12/2051	1,212,300,000	4,945
Government of Singapore 2/4/2024	531,000	314
Government of Singapore 2.75% 1/3/2046	565,000	314
Government of Denmark 15/11/2031	2,014,288	185
Government of Singapore 2.25% 1/8/2036	297,000	159

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	45,728
Goldman Sachs	925
	<b>46,653</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	48,515
		<b>48,515</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	48,515
	<b>48,515</b>

##### Currency of collateral

Currency	Fair value £'000
Danish krone	185
Japanese yen	47,543
Singapore dollar	787
	<b>48,515</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	46,653
	<b>46,653</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	13	
Agents fee	(3)	20.00%
<b>Fund net return</b>	<b>10</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Corporate Bond Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	3.26%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£36,633,177	3.22%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
Federal Republic of Germany 08/15/2050	25,683,860	9,893
Cash	6,434,000	6,434
Government of Japan 04/10/2024	1,062,400,000	6,212
UK Treasury 2% 01/26/2035	2,037,000	4,811
Government of France 0.750% 05/25/2028	3,000,000	2,335
Government of Belgium 5.5% 28/4/2035	1,906,000	1,893
Government of France 2% 05/25/2048	2,952,000	1,801
Government of Norway 1.375% IL 08/19/2030	14,983,000	1,062
UK Treasury 0.125 IL 22/3/2058	1,016,328	925
UK Treasury 0.125 IL 22/3/2029	601,748	925

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
JP Morgan Securities	11,591
Morgan Stanley & Co International	9,368
BNP Paribas London	5,501
Barclays Bank	5,481
HSBC Bank	4,502
Royal Bank of Canada	190
	<b>36,633</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Cash	n/a	6,434
Bonds	Investment grade	33,855
		<b>40,289</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	33,855
	<b>33,855</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	16,093
Canadian dollar	407
Euro	16,712
Japanese yen	5,784
Norwegian krone	1,252
US dollar	41
	<b>40,289</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	36,633
	<b>36,633</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	71	
Agents fee	(14)	20.00%
<b>Fund net return</b>	<b>57</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Index Linked Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	0.66%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£2,751,964	0.66%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
UK Treasury 0.125% 22/3/2058	638,868	582
UK Treasury 3.5% 22/11/2045	720,467	581
UK Treasury 0.125% 22/3/2029	378,261	581
UK Treasury 0.125% 22/3/2046	551,935	581
UK Treasury 0.125% 22/11/2065	674,030	570
UK Treasury 2.5% 17/7/2024	1,978	8
UK Treasury 1.25% 22/11/2055	1,686	3
UK Treasury 1.25% 22/11/2032	295	1

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	2,752
	<b>2,752</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	2,907
		<b>2,907</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	2,907
	<b>2,907</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	2,907
	<b>2,907</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	2,752
	<b>2,752</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	18	
Agents fee	(4)	20.00%
<b>Fund net return</b>	<b>14</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London UK Government Bond Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	8.52%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£65,228,701	8.37%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
UK Treasury 4.125% 22/7/2030	11,643,164	39,171
Government of Japan 10/4/2024	3,856,900,000	21,000
Government of Japan 15/1/2024	209,900,000	1,143
Government of Japan 11/3/2024	209,850,000	1,143
Government of Japan 4/12/2023	209,950,000	1,143
Government of Japan 10/4/2024	209,800,000	1,142
Government of Japan 22/1/2024	209,850,000	1,142
Government of Japan 1.9% 20/9/2042	193,850,000	1,103
Government of Germany 0.10% 15/4/2033	931,539	925
US Treasury 3.375% 15/11/2048	388,400	243

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Banco Santander	37,426
BNP Paribas London	20,303
Merrill Lynch	5,367
Bank of Nova Scotia	1,066
Morgan Stanley & Co International	846
JP Morgan Securities	221
	<b>65,229</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	68,157
		<b>68,157</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	68,157
	<b>68,157</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	39,171
Euro	926
Japanese yen	27,817
US dollar	243
	<b>68,157</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	65,229
	<b>65,229</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	229	
Agents fee	(46)	20.00%
<b>Fund net return</b>	<b>183</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Short Term Fixed Income Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	0.12%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£5,012,979	0.12%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
Cash	1,317,000	1,317
US Treasury 1.875% 15/2/2041	1,323,100	678
UK Treasury 4.25% 07/12/2049	754,743	677
Government of Belgium 0.8% 22/6/2028	855,533	676
Government of France 0% 6/12/2023	778,444	676
Government of Germany 0% 16/4/2027	746,456	592
Government of France 5.5% 25/4/2029	304,115	304
UK Treasury 2% 26/1/2035	70,000	165
Government of Netherlands 2.5% 1/15/2030	94,193	81
UK Treasury 0.18% 22/3/2058	46,836	43

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Royal Bank of Canada	3,214
Barclays Bank	1,307
JP Morgan Securities	290
HSBC Bank	202
	<b>5,013</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	4,065
Cash	n/a	1,317
		<b>5,382</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	5,382
	<b>5,382</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	2,373
Euro	2,328
Norwegian krone	2
US dollar	679
	<b>5,382</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	5,013
	<b>5,013</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	50	
Agents fee	(10)	20.00%
<b>Fund net return</b>	<b>40</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London International Government Bond Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	14.82%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£134,732,059	14.90%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Government of France 0.75% 25/5/2053	195,827,029	74,398
UK Treasury 0.625% 22/11/2042	24,379,821	37,445
Government of Japan 10/4/2024	2,719,100,000	14,805
Monetary Authority of Singapore 3/11/2023	19,166,000	11,525
UK Treasury 0.75% 22/11/2047	2,149,850	3,257
UK Treasury 0.625% 22/11/2042	158,000	243
UK Treasury 0.125% 22/3/2044	155,000	182
UK Treasury 0.125% 22/3/2046	135,500	144
UK Treasury 0.125% 10/8/2048	62,000	59

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Goldman Sachs	81,561
Banco Santander	35,427
BNP Paribas London	14,109
Citigroup Global Markets	3,635
	<b>134,732</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	142,058
		<b>142,058</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	142,058
	<b>142,058</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	41,330
Euro	74,398
Japanese yen	14,805
Singapore dollar	11,525
	<b>142,058</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	134,732
	<b>134,732</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	144	
Agents fee	(29)	20.00%
<b>Fund net return</b>	<b>115</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Diversified Asset-Backed Securities Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	1.37%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£3,005,384	1.32%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
Government of Japan 10/4/2024	89,150,000	485
Government of Japan 4/12/2023	57,250,000	312
Government of Japan 10/4/2024	57,200,000	311
Government of Japan 11/3/2024	57,200,000	311
Government of Japan 15/1/2024	57,150,000	311
Government of Japan 22/1/2024	57,100,000	311
Government of France 5.5% 25/4/2029	286,000	286
UK Treasury 0.75% 22/11/2047	161,765	245
Federal Republic of Germany 0.1% 15/4/2033	213,917	213
UK Treasury 0.125% 22/3/2029	114,885	177

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Merrill Lynch International	1,031
HSBC Bank	825
BNP Paribas London	455
JP Morgan Securities	258
Citigroup Global Markets	235
Morgan Stanley & Co International	201
	<b>3,005</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	3,681
		<b>3,681</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	3,681
	<b>3,681</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	1,139
Euro	498
Japanese yen	2,044
	<b>3,681</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	3,005
	<b>3,005</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	10	
Agents fee	(2)	20.00%
<b>Fund net return</b>	<b>8</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Short Duration Gilts Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	13.64%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£181,850,518	13.65%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV Unstripped BGS Bond Participant	81,851,923	81,852
Government of Japan 4/10/2024	8,043,800,000	43,797
DBV Unstripped BGS Bond Participant	7,975,686	7,976
UK Treasury 0.125% 22/3/2029	4,640,636	7,134
UK Treasury 0.25% 22/3/2052	6,646,306	7,134
UK Treasury 0.125% 22/3/2068	8,228,219	7,134
UK Treasury 0.125% 22/3/2044	6,119,020	7,134
UK Treasury 3.5% 22/1/2045	7,883,330	6,363

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Nomura International	81,787
BNP Paribas London	42,285
HSBC Bank	33,944
Lloyds Bank Corporate Markets	7,776
MUFG Securities EMEA	5,913
Merrill Lynch	5,324
Royal Bank of Canada Europe Branch	4,822
	<b>181,851</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	186,267
		<b>186,267</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	186,267
	<b>186,267</b>

##### Currency of collateral

Currency	Fair value £'000
Euro	6,193
Sterling	130,564
Japanese yen	49,510
	<b>186,267</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	181,851
	<b>181,851</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	470	
Agents fee	(94)	20.00%
<b>Fund net return</b>	<b>376</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Short Term Fixed Income Enhanced Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	3.00%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£41,465,563	2.91%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### Top Ten collateral issuers (across all SFT )

Issuer	Collateral	
	Holding	Fair value £'000
Government of France 1.50% 25/5/2050	10,178,494	5,298
UK Treasury 2% 26/01/2035	1,966,000	4,643
Government of Japan 0% 10/4/2024	591,350,000	3,220
Government of Japan 0% 4/12/2023	591,700,000	3,220
Government of Japan 0% 11/3/2024	591,400,000	3,220
Government of Japan 0% 22/1/2024	591,500,000	3,220
Government of Japan 0% 15/1/2024	591,500,000	3,220
Government of Germany 0% 15/8/2050	7,218,165	2,821
UK Treasury 0.125% 22/3/2058	2,634,148	2,398
UK Treasury 0.125% 22/3/2029	1,559,628	2,398

#### All counterparties

Counterparty	Gross volume of outstanding transactions Fair value £'000
Merrill Lynch	14,812
HSBC Bank	11,239
Goldman Sachs	5,023
JP Morgan Securities	4,727
Morgan Stanley & Co International	2,805
RBC (Europe) Limited	2,355
Barclays Bank	505
	<b>41,466</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	44,606
Cash	n/a	509
		<b>45,115</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	45,115
	<b>45,115</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	17,710
Euro	10,378
Japanese yen	16,100
Norwegian krone	44
US dollar	883
	<b>45,115</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	41,466
	<b>41,466</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	60	
Agents fee	(12)	20.00%
<b>Fund net return</b>	<b>48</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Investment Grade Short Dated Credit Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 12.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	2.28%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£49,263,070	2.26%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Cash	11,800,000	11,800
UK Treasury 0.75% 11/22/2047	5,700,400	8,637
Government of Japan 0% 04/10/2024	1,348,050,000	7,340
UK Treasury 0.0625% 03/22/2045	4,867,000	4,182
UK Treasury 0.125% 03/22/2046	3,664,500	3,890
Government of Belgium 5% 03/28/2035	2,735,000	2,757
UK Treasury 1.125% 10/22/2073	8,430,980	2,729
Government of Japan 0.1% 04/15/2033	2,177,104	2,163

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Citigroup Global Markets	13,543
Barclays Bank	11,635
BNP Paribas London	7,009
JP Morgan Securities	4,668
RBC Europe Limited	4,088
Lloyds Bank Corporate Markets	3,900
Goldman Sachs	2,531
Morgan Stanley & Co International	1,889
	<b>49,263</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Cash	n/a	11,800
Bonds	Investment grade	40,413
		<b>52,213</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	40,413
	<b>40,413</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	34,749
Euro	9,144
Japanese yen	7,340
Norwegian krone	114
US dollar	866
	<b>52,213</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	42,263
	<b>42,263</b>

##### Country in which counterparties are established

###### Counterparty

All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	160	
Agents fee	(32)	20.00%
<b>Fund net return</b>	<b>128</b>	<b>80.00%</b>

## Appendix – Additional Information (unaudited) (continued)

### Securities Financing Transactions (continued)

#### Royal London Short Duration Global Index Linked Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

#### Global data

##### Amount of securities and commodities on loan

	% of total lendable assets*
Securities	6.18%

##### Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£35,204,373	6.21%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration data

##### All collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
UK Treasury 0.75% 22/11/2047	17,855,250	27,048
Government of Japan 0.3% 20/9/2028	1,791,300,000	9,678
Government of Japan 2.1% 20/9/2029	33,500,000	199
Government of Belgium 0.4% 22/6/2040	100,743	51
Government of Japan 1.1% 20/9/2042	500,000	2
Government of Switzerland 2.5% 8/3/2036	2,000	2
Government of Japan 20/6/2024	300,000	2
Government of Japan 1.2% 20/9/2035	100,000	1
Government of Belgium 7/3/2024	327	–

#### All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Banco Santander	25,660
Natixis	9,298
UBS	246
	<b>35,204</b>

#### Aggregate transaction data

##### Type and quality of collateral

Type	Quality*	Fair value £'000
Bonds	Investment grade	36,983
		<b>36,983</b>

\* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not rated.

##### Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	36,983
	<b>36,983</b>

##### Currency of collateral

Currency	Fair value £'000
Sterling	27,048
Euro	51
Japanese yen	9,882
Swiss franc	2
	<b>36,983</b>

##### Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	35,204
	<b>35,204</b>

##### Country in which counterparties are established

Counterparty
All counterparties are UK based

#### Return and cost

	£'000	% of overall returns
Fund gross return	84	
Agents fee	(17)	20.00%
<b>Fund net return</b>	<b>67</b>	<b>80.00%</b>

## Remuneration Policy (unaudited)

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

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

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

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

RLUTM has a board of directors (the “Directors”). The Directors of the Company who are also employees of the Group do not receive any remuneration in respect of their services as directors of RLUTM. The other Non-Executive Directors receive fixed remuneration in respect of their services which is set at a level determined by the Group and is not performance related. None of the Directors are currently in receipt of variable remuneration in respect of their services as Directors of RLUTM. RLUTM has no employees and therefore there are no other controlled functions, or senior management employed and paid by RLUTM. However, for the financial year ending 31 December 2022, total remuneration of £27,513,761 was paid to 50 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £6,685,030 related to senior management. The fixed element of the total remuneration mentioned above is £10,370,339 and the variable element is £17,143,422. In addition, the ICVC does not make any payments directly to any staff of the delegates. For the financial year ending 31 December 2021, total remuneration of £13,121,359 was paid to 22 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £11,753,187 related to senior management. The fixed element of the total remuneration mentioned above is £6,176,830 and the variable element is £6,944,529. In addition, the ICVC does not make any payments directly to any staff of the delegates.

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

## General Information

### Pricing and dealing

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

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

Dealing prices, yields and details of risks and charges are published on our website, [www.rlam.com](http://www.rlam.com).

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

### Buying shares

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

### Selling shares

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

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

### Cancellation rights

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

### UK taxation

The Company is not subject to Capital Gains Tax.

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

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

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

### Authorisation

The Company was authorised by the Financial Conduct Authority on 9 October 2009. The Company is a UCITS umbrella scheme.

### Company Reports and Prospectus

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

## Contact Us

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

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

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