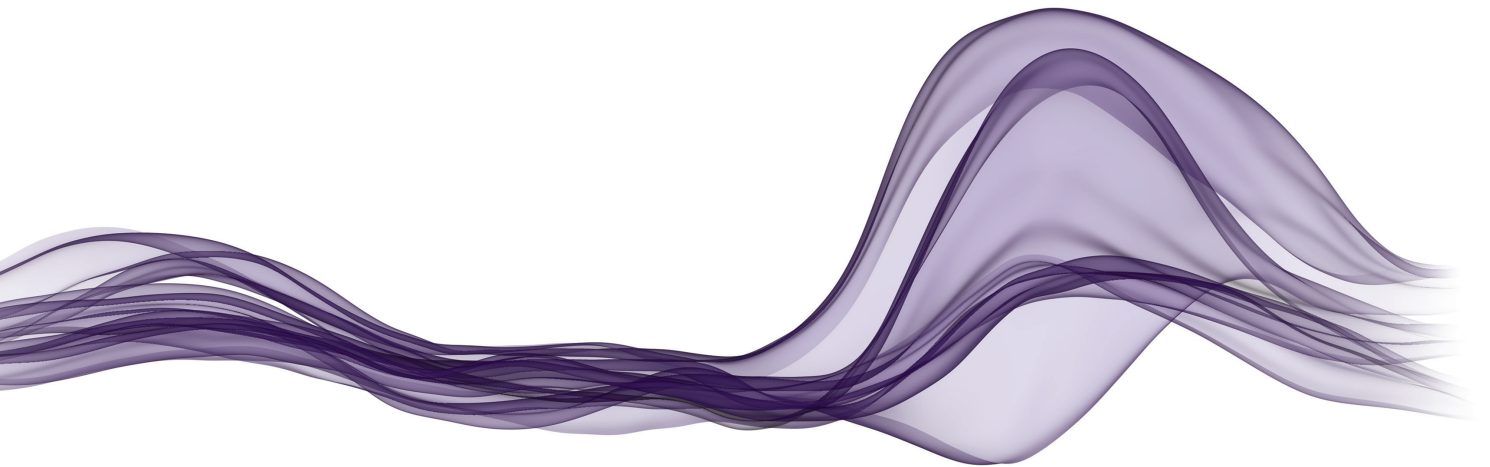


For professional clients only, not suitable for retail investors.

Royal London Sustainable Diversified Trust

Annual Report

For the year ended 31 January 2023



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

Trust Information

Trust Status

The Trustee is HSBC Bank plc which holds the title to the Trust's investments on behalf of unitholders. The Royal London Sustainable Diversified Trust (the Trust) is a "wider-range" investment under the Trustee Investments Act 1961. It is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000 and is a UCITS Scheme under the Financial Conduct Authority Collective Investment Schemes Sourcebook. Copies of the Trust Deed may be inspected at the offices of the Manager: 55 Gracechurch Street, London EC3V 0RL.

Manager

RLUM Limited

55 Gracechurch Street, London EC3V 0RL

Authorised and regulated by the Financial Conduct Authority.

Directors of the Manager

P. Beamish

P. Bowker (Director, appointed 1 January 2023)

J.M. Brett (Non-executive Director)

J.S. Glen (Chairman, appointed 1 January 2023)

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

M.P. Lewis (resigned 31 December 2022)

Trustee

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Administrator

HSBC Securities Services (UK) Limited

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

Authorised and regulated by the Financial Conduct Authority.

Registrar

RLUM Limited

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

The Register may be inspected at:

Churchgate House, 56 Oxford Street, Manchester M1 6EU

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside, London SE1 2RT

Investment Adviser

Royal London Asset Management Limited

55 Gracechurch Street, London EC3V 0RL

Authorised and regulated by the Financial Conduct Authority.

Please note that with effect from 11 April 2023, the registered address will change to 80 Fenchurch Street, London EC3M 4BY.

Advisory Committee

Benjamin Yeoh (Chairman)

Professor Alex Edmans

Tonia Lovell

Nicola Parker

Manager’s Investment Report

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

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

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

Investment Objective and Policy

The Trust’s investment objective is to achieve capital growth over the medium term (3-5 years) by investing in a diverse range of asset classes, primarily in the UK that are deemed to make a positive contribution to society.

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

Risk and Reward Profile



About this indicator

- This Synthetic Risk and Reward Indicator (SRRI) is calculated according to European Securities and Markets Authority (ESMA) regulations, to allow investors to compare funds on the same basis. According to this methodology the Trust has been classed as category 5.
- The scale shows that the higher the risk, the higher the potential for greater returns. The numerical indicator which is referenced on the scale, is a measure of how much the unit price of this Trust has risen and fallen (over the last five years) and therefore how much the Trust’s returns have varied.
- The Trust is shown in risk category 5 because its unit price has shown a medium to high level of volatility historically. As an investment, bonds are typically more volatile than money market instruments but less volatile than shares. This Trust has a mixture of all of these investments.
- The risk rating has moved up from category 4 to category 5 during the financial year.

Investors should note

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

Manager's Investment Report (continued)

Cumulative Performance (% change to 31/01/23)

	1 year total return %	3 year total return %	5 year total return %
Royal London Sustainable Diversified Trust, Class A Income	-6.34	6.68	28.17
Royal London Sustainable Diversified Trust, Class B Accumulation	-6.14	7.55	30.19
Royal London Sustainable Diversified Trust, Class B Income	-6.06	7.64	30.32
Royal London Sustainable Diversified Trust, Class C Accumulation	-5.90	8.24	31.58
Royal London Sustainable Diversified Trust, Class C Income	-5.92	8.21	31.54
Royal London Sustainable Diversified Trust, Class D Accumulation	-5.83	8.62	32.34
Royal London Sustainable Diversified Trust, Class D Income	-5.80	8.59	32.40
IA Mixed Investment 20-60% Shares sector	-4.05	3.40	10.12

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

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

Investment Review and Outlook

Performance overview

In a challenging period for both global equities and investment grade sterling credit, the Trust generated negative returns and underperformed its benchmark (as measured by the IA Mixed Investment 20-60% Shares sector). Despite this period of underperformance, however, the Trust has still delivered strong performance over three and five years.

The relative underperformance was mainly due to the equity portfolio: although government and corporate bonds delivered negative returns for the period, the fixed income portfolio performed broadly in line with the market. Within the equity portfolio, the underperformance against the benchmark mainly resulted from sector allocations, in particular the zero weighting to fossil fuel extraction, energy and mining. Oil and

gas prices had risen as the global economy reopened following the Covid-19 pandemic, but soared to new highs following the Russian invasion of Ukraine in February 2022 and the imposition of retaliatory sanctions. Although oil and gas prices fell in the second half of the period, stocks in the energy sector continued to perform strongly as they were still making higher-than-normal profits.

Stock selection also contributed to the Trust's underperformance as higher-than-expected inflation led central banks to rethink their approach to interest rates. In particular, companies that are expected to deliver a higher proportion of their growth further in the future tend to underperform when interest rates increase. The Trust has a bias towards such companies as many offer solutions to the long-term environmental, social and governance (ESG) challenges that the world is facing.

Market commentary

The prevailing investment environment changed markedly at the start of 2022 as the Federal Reserve (Fed) published the minutes of its December Federal Open Market Committee (FOMC) meeting, indicating that it was prepared to raise interest rates much faster and further than previously indicated to address inflation. This shook global financial markets, with both fixed income and equities markets falling. Within equity markets, returns were widely dispersed as value stocks strongly outperformed the growth stocks that had led the strong performance of stock markets over recent years.

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

Central banks have increased interest rates with previously unimagined speed, which was particularly toxic for bond markets. Over the period under review, the benchmark 10-year gilt yield rose from 1.30% to 3.33% (the high point was 4.51% in late September), with gilts returning -18.76% on an all-maturities basis (FTSE Actuaries). Given this, returns for the sterling credit market were also negative – the iBoxx Sterling Non-Gilt All-Maturities Index returned -12.30%. The average sterling investment grade credit spread (the additional yield on a the average corporate bond compared with that on a gilt of the same maturity) widened from 1.03% to 1.41%.

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

Manager's Investment Report (continued)

Investment Review and Outlook – continued

Portfolio commentary

The Trust's sustainable approach favours companies that we believe make a positive contribution to society, through their products and services and/or by showing environmental, social and governance (ESG) leadership. In equities, this means that the Trust does not invest in some sectors. While this creates a mismatch with the benchmark, we believe that the exposure to sectors that offer a net benefit and/or ESG leadership is consistent with outperformance over the medium term. In sterling credit, this is reflected in significant positions in social housing, utility and infrastructure bonds. These sectors also benefit from strong covenants (legal restrictions on what an issuer can do) and often offer enhanced security (offering assets as collateral).

For the equity portfolio, performance benefitted from strong contributions from a number of companies, including NovoNordisk, Agilent Technologies and Compass Group. It also benefitted from not owning Meta (previously known as Facebook) and Tesla, as these stocks notably underperformed. Negative contributions came from SEGRO, Adidas and PayPal. The Trust also suffered from having zero exposure to the oil and mining sectors as Shell, BP, Glencore and Rio Tinto performed strongly in the period. Although government and corporate bonds delivered negative returns for the period, the fixed income portfolio performed broadly in line with the iBoxx Sterling Non-Gilt Index. Sterling credit sector returns were all negative, yet widely dispersed.

All issuers within our sustainable holdings offer a net benefit to society or show ESG leadership. As well as reducing risk, we seek out bonds that are under-researched e.g. those that do not fall into mainstream indices or benchmarks and/or are unrated by ratings agencies. Importantly, the sustainable credit proposition provides access to critical sectors that most investors can not access via equity markets. Key themes in the funds include social housing, the decarbonised economy, infrastructure, financial resilience (such as insurance products to support individuals through shocks) and community funding (banks focused on SME and retail lending).

Investment outlook

There is considerable uncertainty about the outlook for 2023. The Fed is committed to further increases in interest rates and, although economic indicators remain mixed at this stage, some investors fear that this could tip the US into recession. The picture is only marginally different in the UK and Europe. Against this, China has reversed its 'zero Covid' strategy and looks set to drive global growth as the year unfolds.

To an extent, however, the rate of economic slowdown or recession is somewhat irrelevant as these have already been discounted by asset prices. Of more importance is whether inflation continues to fall back towards the Fed's and BoE's targets of 2.0%, or whether it sticks at around 4–5%.

There is a credible case to be made that inflation – and therefore interest rates – will be structurally higher than over the last 10 years. Combined with the apparent slowdown in innovation in parts of the technology sector, the key drivers of performance for equities may be somewhat different over the next five to 10 years. We will be looking to diversify the Trust towards sectors that will perform well in a higher inflation, higher interest rate environment. We will continue to look for parts of the economy that will do well should there be a new economic paradigm.

Mike Fox
Trust Manager
Royal London Asset Management Limited
31 January 2023

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

This report covers investment performance, activity and outlook. For a wider look at the Trust, our RLUM Annual Value Assessment Report March 2022 (published July 2022) available on www.rlam.com.

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

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

Portfolio Statement

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Fixed Income – 38.53% (31/01/22 – 39.07%)			
Commercial Mortgage Backed Securities – 0.89% (31/01/22 – 1.36%)			
£6,591,000	Castell FRN 25/3/2053	2,198	0.06
£3,075,000	CPPIB Capital 1.625% 22/10/2071	1,383	0.04
£8,500,000	Elvet Mortgages 2020-1 FRN 22/3/2065	2,143	0.06
£3,500,000	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	2,788	0.08
£14,336,000	Income Contingent Student Loan FRN 24/7/2056	2,253	0.07
£13,471,000	Income Contingent Student Loan 2 FRN 24/7/2058	2,946	0.09
£2,184,000	Income Contingent Student Loan 2.5% 24/7/2058	1,364	0.04
£4,322,000	PCL Funding FRN 15/7/2026	4,263	0.12
£2,260,000	Sage AR Funding FRN 17/11/2030	2,169	0.06
£8,326,000	Sage AR Funding FRN 17/11/2051	7,779	0.23
£4,554,000	Together Asset Backed Securitisation FRN 15/7/2061	1,237	0.04
Total Commercial Mortgage Backed Securities		30,523	0.89
Corporate Bonds – 37.14% (31/01/22 – 37.28%)			
£5,062,000	3i Group 3.75% 5/6/2040	3,979	0.12
£3,578,000	3i Group 5.75% 3/12/2032	3,734	0.11
£2,308,000	A2D Funding II 4.5% 30/9/2026	2,280	0.07
£2,355,000	AA Bond 3.25% 31/7/2050	1,881	0.04
£4,998,000	AA Bond 5.5% 31/7/2050	4,578	0.13
£2,158,000	AA Bond 6.269% 2/7/2043	2,113	0.06
£3,198,000	AA Bond 7.375% 31/7/2050	3,064	0.09
£7,487,000	Abrdn 5.25% variable perpetual	6,154	0.18
£9,706,000	Akelius Residential Property 2.375% 15/8/2025	8,971	0.26
£700,000	Alpha Plus 5% 31/3/2024	675	0.02
£2,756,000	Anglian Water Osprey Financing 4% 8/3/2026	2,612	0.08
£3,954,000	Annington Funding 3.685% 12/7/2034	3,274	0.10
£6,250,000	Annington Funding 3.935% 12/7/2047	4,734	0.14
£6,464,000	Annington Funding 4.75% 9/8/2033	5,937	0.17
£5,044,000	Arqiva Finance 4.882% 31/12/2032	3,268	0.10
£4,580,000	Arqiva Financing 5.34% 30/12/2037	4,468	0.13
£8,950,000	Assicurazioni Generali 6.269% perpetual	8,874	0.26
£10,000,000	AT&T 2.9% 4/12/2026	9,422	0.28
£3,100,000	AT&T 4.25% 1/6/2043	2,632	0.08
£4,050,000	AT&T 5.5% 15/3/2027	4,157	0.12
£16,797,000	Aviva 6.875% variable 20/5/2058	18,164	0.53
£2,750,000	AXA 5.625% variable 16/1/2054	2,689	0.08
£10,605,000	AXA 6.6862% variable perpetual	10,770	0.31
£5,800,000	Banco Santander 2.25% variable 4/10/2032	4,851	0.14
£8,200,000	Banque Federative du Credit Mutuel 1% 16/7/2026	7,281	0.21
£4,874,000	Bazalgette Finance 2.375% 29/11/2027	4,415	0.13
£5,337,000	Bazalgette Finance 2.75% 10/3/2034	4,375	0.13
£2,472,000	Beyond Housing 2.125% 17/5/2051	1,475	0.04
£2,013,000	Blend Funding 2.467% 16/6/2063	1,107	0.03
£6,568,000	Blend Funding 2.922% 5/4/2056	4,446	0.13
£10,543,000	Blend Funding 3.459% 21/9/2049	8,316	0.24
£6,804,000	Blend Funding 3.508% 4/5/2059	5,072	0.15
£5,500,000	BNP Paribas 1.25% 13/7/2031	4,086	0.12
£3,500,000	BNP Paribas 2% variable 24/5/2031	3,066	0.09
£4,200,000	BNP Paribas 2.875% 24/2/2029	3,715	0.11
£6,800,000	BNP Paribas 5.75% 13/6/2032	7,031	0.21
£8,600,000	BPCE 2.5% variable 30/11/2032	7,238	0.21
£4,900,000	BPCE 5.25% 16/4/2029	4,769	0.14
£4,233,000	British Land 5.264% 24/9/2035	4,127	0.12
£3,295,247	British Land 5.357% 31/3/2028	3,293	0.10
£2,450,000	Broadgate Finance 4.821% 5/7/2036	2,437	0.07
£9,640,000	BUFA Finance 4.125% 14/6/2035	8,005	0.23
£2,707,000	Catalyst Housing 3.125% 31/10/2047	1,944	0.06
£3,050,000	Channel Link Enterprises Finance FRN 30/12/2050	2,251	0.07
£11,902,000	Close Brothers Finance 1.625% 3/12/2030	9,145	0.27
£1,785,000	Close Brothers Group 2% variable 11/9/2031	1,523	0.04

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£10,597,000	Community Finance 5.017% 31/7/2034	10,776	0.31
£9,745,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	8,895	0.26
£3,750,000	Coventry Building Society 6.875% variable perpetual	3,615	0.11
£3,218,000	CPUK Finance 3.588% 28/2/2042	3,029	0.09
£5,900,000	CPUK Finance 3.69% 28/2/2047	5,249	0.15
£3,000,000	CPUK Finance 7.239% 28/2/2042	3,024	0.09
£4,400,000	Credit Agricole 1.874% variable 9/12/2031	3,759	0.11
£5,600,000	Credit Agricole 4.875% 23/10/2029	5,627	0.16
£5,400,000	Credit Agricole 5.75% variable 29/11/2027	5,492	0.16
£2,750,000	Credit Agricole 7.375% 18/12/2023	2,810	0.08
£4,200,000	Credit Agricole 7.5% variable perpetual	4,174	0.12
£6,019,000	CYBG 3.125% variable 22/6/2025	5,793	0.17
£11,578,000	Derby Healthcare 5.564% 30/6/2041	11,040	0.32
£5,221,000	Derwent London 1.875% 17/11/2031	3,838	0.11
£7,280,000	Dignity Finance 3.5456% 31/12/2034	4,494	0.13
£7,634,000	Direct Line Insurance 4% 5/6/2032	6,086	0.18
£2,969,000	DWR Cymru Financing 2.375% 31/3/2034	2,253	0.07
£5,598,000	East Japan Railway 1.162% 15/9/2028	4,654	0.14
£4,024,000	ENW Finance 1.415% 30/7/2030	3,179	0.09
£3,293,000	ENW Finance 4.893% 24/11/2032	3,314	0.10
£5,500,000	Equity Release Funding 5.88% 26/5/2032	3,770	0.11
£16,375,000	Eversholt Funding 2.742% 30/6/2040	11,987	0.35
£5,948,000	Eversholt Funding 3.529% 7/8/2042	4,510	0.13
£2,613,000	Eversholt Funding 6.697% 22/2/2035	2,470	0.07
£5,600,000	Exchequer Partnership 5.396% 13/7/2036	4,388	0.13
£2,070,000	Fidelity National Information 3.36% 21/5/2031	1,869	0.05
£4,494,000	Flagship Finance 1.875% 14/7/2061	2,313	0.07
£11,232,000	Folio Residential Finance 1.246% 31/10/2037	9,592	0.28
£3,200,000	Freshwater Finance 4.556% 3/4/2036	2,836	0.08
£11,072,000	Freshwater Finance 5.182% 20/4/2035	10,925	0.32
£5,972,000	GB Social Housing 5.193% 12/2/2038	5,954	0.17
£4,420,000	Gefinfinance II 6.064% 21/12/2039	4,824	0.14
£1,926,000	Go-Ahead Group 2.5% 6/7/2024	1,852	0.05
£3,201,000	GreenSquareAccord 5.25% 30/11/2047	3,147	0.09
£4,631,000	Great Rolling Stock 6.5% 5/4/2031	3,686	0.11
£10,858,000	Great Rolling Stock 6.875% 27/7/2035	6,573	0.19
£10,244,000	Greater Gabbard OFTO 4.137% 29/11/2032	6,908	0.20
£7,698,000	Gwyn y Môr OFTO 2.778% 17/2/2034	4,861	0.14
£3,700,000	Harbour Funding 5.28% 31/3/2044	3,760	0.11
£2,561,000	Hastoe Capital 5.6% 27/3/2042	2,617	0.08
£3,167,103	Haven Funding 8.125% 30/9/2037	3,302	0.10
£3,983,000	Hexagon Housing Association 3.625% 22/4/2048	3,064	0.09
£7,749,000	High Speed Rail Finance 4.375% 1/11/2038	7,239	0.21
£14,328,000	Housing and Care 3.288% 8/11/2049	10,673	0.31
£4,738,807	Housing Finance 8.625% 13/11/2023	4,876	0.14
£11,681,000	HSBC 5.844% variable perpetual	12,241	0.36
£15,655,000	HSBC 8.201% variable 16/11/2034	17,047	0.50
£6,500,000	ING Groep 1.125% variable 7/12/2028	5,436	0.16
£7,600,000	ING Groep 5% variable 30/8/2026	7,581	0.22
£5,088,000	International Finance Facility for Immunisation 2.75% 7/6/2025	4,937	0.14
£500,000	Intu (SGS) Finance 4.625% 17/3/2033	239	0.01
£500,000	Intu Debenture 5.562% 31/12/2027	172	0.01
£800,000	Intu Metrocentre Finance 4.125% 6/12/2028	393	0.01
£11,074,000	Investec 1.875% variable 16/7/2028	9,116	0.27
£7,935,000	Investec 2.625% variable 4/1/2032	6,597	0.19
£674,000	Investec 4.25% variable 24/7/2028	667	0.02
£3,520,000	Investec 9.125% variable 6/3/2033	3,721	0.11
£4,679,000	John Lewis 4.25% 18/12/2034	2,991	0.09
£3,359,000	John Lewis 6.125% 21/1/2025	3,264	0.10
£6,500,000	JRP Group 9% 26/10/2026	6,975	0.20
£3,198,000	Just Group 7% variable 15/4/2031	3,112	0.09
£2,591,000	Just Group 8.125% 26/10/2029	2,695	0.08

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 37.14% (31/01/22 – 37.28%) – continued			
£14,539,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	10,438	0.31
£1,566,000	Knightstone Capital 5.576% Step 2/10/2048	1,667	0.05
£7,423,000	Land Securities Capital Market 2.375% 29/3/2029	6,784	0.20
£2,366,000	Land Securities Capital Market 2.399% 8/2/2031	2,096	0.06
£6,454,000	Leeds Building Society 1.375% 6/10/2027	5,538	0.16
£8,584,000	Leeds Building Society 3.75% variable 25/4/2029	7,738	0.23
£6,218,000	Legal & General 4.5% variable 1/11/2050	5,571	0.16
£3,007,000	Legal & General 5.5% variable 27/6/2064	2,798	0.08
£5,814,000	Lendlease Europe Finance 3.5% 2/12/2033	3,960	0.12
£2,000,000	Lloyds Bank 4.875% 30/3/2027	2,032	0.06
£6,801,000	Lloyds Bank 6% 8/2/2029	7,387	0.22
£17,795,000	Lloyds Bank 7.625% 22/4/2025	18,931	0.55
£5,516,000	Lloyds Banking Group 1.985% variable 15/12/2031	4,802	0.14
£3,585,000	Lloyds Banking Group 2% variable 12/4/2028	3,143	0.09
£4,373,000	London & Quadrant Housing Trust 2% 31/3/2032	3,449	0.10
£13,940,000	Longstone Finance 4.791% 19/4/2036	5,617	0.16
£6,126,000	M&G 5% variable 20/7/2055	5,441	0.16
£16,094,000	M&G 5.7% variable 19/12/2063	14,665	0.43
£12,092,000	M&G 6.25% variable 20/10/2068	10,809	0.32
£5,515,000	Meadowhall Finance 4.986% 12/1/2032	2,844	0.08
£10,700,000	Metropolitan Housing Trust 1.875% 28/7/2036	7,422	0.22
£10,052,000	Metropolitan Life Global Funding 0.625% 8/12/2027	8,424	0.25
£5,422,000	Metropolitan Life Global Funding 1.625% 12/10/2028	4,683	0.14
£3,809,000	Metropolitan Life Global Funding 5% 10/1/2030	3,891	0.11
£4,494,000	Morgan Stanley 5.789% variable 18/11/2033	4,701	0.14
£9,690,000	Morhomes 3.4% 19/2/2040	7,917	0.23
£6,143,000	Myriad Capital 4.75% 20/12/2043	5,684	0.17
£6,000,000	National Australia Bank 1.699% variable 15/9/2031	5,078	0.15
£3,647,000	National Express 2.375% 20/11/2028	3,120	0.09
£5,790,000	National Express 4.25% variable perpetual	5,105	0.15
£4,000,000	National Grid Electricity Transmission 2% 17/4/2040	2,600	0.08
£9,107,000	Nationwide Building Society FRN 24/2/2031	8,884	0.26
£7,414,000	NatWest Group 2.105% variable 28/11/2031	6,374	0.19
£8,800,000	NatWest 3.619% variable 29/3/2029	8,064	0.24
£4,160,000	NatWest Markets 6.375% 8/11/2027	4,389	0.13
£3,551,000	NatWest Group 7.416% variable 6/6/2033	3,721	0.11
£5,863,000	New York Life Global Funding 0.75% 14/12/2028	4,793	0.14
£8,112,000	New York Life Global Funding 1.5% 15/7/2027	7,192	0.21
£6,523,000	New York Life Global Funding 4.35% 16/9/2025	6,518	0.19
£7,250,000	NGG Finance 5.625% variable 18/6/2073	7,042	0.21
£2,187,000	NIE Finance 5.875% 1/12/2032	2,354	0.07
£2,368,000	Northumbrian Water Finance 6.375% 28/10/2034	2,637	0.08
£4,407,000	Notting Hill Genesis 2% 3/6/2036	3,099	0.09
£2,450,000	Notting Hill Housing Trust 5.25% 7/7/2042	2,460	0.07
£6,636,000	OP Corporate Bank 1.375% 4/9/2026	5,844	0.17
£5,442,000	OP Corporate Bank 3.375% 14/1/2026	5,248	0.15
£3,971,000	Orbit Capital 3.375% 14/6/2048	2,975	0.09
£2,737,000	Orbit Capital 2% 24/11/2038	1,830	0.05

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£3,810,000	Orsted 2.5% variable 18/2/3021	2,670	0.08
£4,272,000	Orsted 5.125% 13/9/2034	4,384	0.13
£4,376,000	Peabody Capital No Two 2.75% 2/3/2034	3,595	0.11
£3,470,000	Peabody Capital No.2 4.625% 12/12/2053	3,249	0.09
£6,320,000	Penarian Housing Finance 3.212% 7/6/2052	4,724	0.14
£5,652,000	Pension Insurance 3.625% 21/10/2032	4,445	0.13
£3,242,000	Pension Insurance 5.625% 20/9/2030	3,040	0.09
£4,500,000	Phoenix Group 5.625% 28/4/2031	4,147	0.12
£5,183,000	Places for People Homes 3.625% 22/11/2028	4,822	0.14
£3,776,000	Places for People Homes 5.09% 31/7/2043	3,781	0.11
£4,500,000	Places for People Homes 5.875% 23/5/2031	4,698	0.14
£8,169,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	7,435	0.22
£6,117,000	Porterbrook Rail Finance 4.625% 4/4/2029	5,880	0.17
£12,140,000	Principality Building Society 2.375% 23/11/2023	11,867	0.35
£5,021,000	Protective Life Global Funding 5.248% 13/1/2028	5,133	0.15
£7,895,000	PRS Finance 1.5% 24/8/2034	5,932	0.17
£5,095,000	PRS Finance 2% 23/1/2029	4,533	0.13
£3,086,000	Rabobank Nederland 4.625% 23/5/2029	2,947	0.09
£13,995,000	Reassure Group 5.867% 13/6/2029	13,343	0.39
£1,500,000	Retail Charity Bonds 4.25% 30/3/2026	1,357	0.04
£1,250,000	Retail Charity Bonds 4.25% 6/7/2028	1,151	0.03
£15,207,000	Rothsay Life 3.375% 12/7/2026	14,056	0.41
£7,483,000	Rothsay Life 5% variable perpetual	5,323	0.16
£7,685,000	RSA Insurance 5.125% variable 10/10/2045	7,417	0.22
£9,207,000	Sage 2.875% 8/2/2034	7,521	0.22
£7,882,000	Santander UK 2.421% variable 17/01/2029	6,817	0.20
£3,488,000	Santander 5.25% 16/2/2029	3,644	0.11
£14,757,000	Santander UK 7.098% variable 16/11/2027	15,424	0.45
£4,100,000	Saxon Weald Capital 5.375% 6/6/2042	4,105	0.12
£11,169,000	Scottish Hydro Electric Transmission 2.125% 24/3/2036	8,166	0.24
£5,700,000	Scottish Power 6.375% Step 31/5/2041	6,496	0.19
£2,791,000	Scottish Widows 5.5% 16/6/2023	2,791	0.08
£9,272,000	Scottish Widows 7% 16/6/2043	10,092	0.29
£2,649,000	Severn Trent 6.25% 7/6/2029	2,869	0.08
£3,702,000	Shaftesbury Carnaby 2.487% 30/9/2031	3,288	0.10
£8,864,000	Shaftesbury Chinatown 2.348% 30/9/2027	8,259	0.24
£9,283,000	Society of Lloyds 4.875% variable 7/2/2047	8,857	0.26
£7,399,000	South East Water 5.5834% 29/3/2029	7,448	0.22
£2,688,000	South Eastern Power Networks 6.375% 12/11/2031	2,997	0.09
£1,944,000	South West Water 5.875% 16/7/2040	1,997	0.06
£3,113,000	Southern Electric Power Distribution 5.5% 7/6/2032	3,289	0.10
£2,533,000	Southern Housing Group 2.375% 8/10/2036	1,883	0.06
£3,190,000	SSE 3.74% variable perpetual	2,960	0.09
£4,319,000	Stagecoach 4% 29/9/2025	4,093	0.12
£4,809,000	Svenska Handelsbanken 4.625% variable 23/8/2032	4,630	0.14
£6,137,000	Swan Housing Capital 3.625% 5/3/2048	4,586	0.13
£14,032,000	TC Dudgeon OFTO 3.158% 12/11/2038	11,076	0.32
£6,142,000	Telereal Secured Finance 4.01% 10/12/2033	3,373	0.10
£5,700,000	Telereal Securitisation 1.3657% 10/12/2033	3,898	0.11
£2,000,000	Telereal Securitisation 3.507% variable 10/12/2033	1,748	0.05
£4,908,800	Telereal Securitisation 3.5625% 10/12/2036	4,382	0.13
£2,655,600	Telereal Securitisation 3.5625% 10/12/2036	2,370	0.07

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 37.14% (31/01/22 – 37.28%) – continued			
£7,174,000	Telereal Securitisation 5.3887% 10/12/2033	2,930	0.09
£4,935,000	Telereal Securitisation 5.4252% 10/12/2033	4,164	0.12
£14,959,000	Telereal Securitisation 6.1645% 10/12/2033	13,027	0.38
£1,750,000	Telereal Securitisation FRN 10/12/2033	1,514	0.04
£3,850,000	Tesco Property 5.6611% 13/10/2041	3,578	0.10
£4,500,000	Tesco Property 5.744% Sink 13/4/2040	4,080	0.12
£6,450,000	Tesco Property 5.8006% 13/10/2040	5,936	0.17
£6,150,000	Tesco Property 5.4111% 13/7/2044	5,330	0.16
£2,117,000	Tesco Property Finance 7.6227% 13/7/2039	1,902	0.06
£7,475,000	Thames Water Kemble Finance 4.625% 19/5/2026	6,522	0.19
£2,386,000	Thames Water Utilities 2.375% 3/5/2023	2,364	0.07
£3,230,000	Thames Water Utilities 2.375% 22/4/2040	2,158	0.06
£3,025,000	Thames Water Utilities 7.738% 9/4/2058	4,034	0.12
£5,593,000	THFC Funding 5.2% 11/10/2043	5,635	0.16
£5,344,000	THFC Funding 6.35% 8/7/2041	6,112	0.18
£7,842,000	Toronto Dominion Bank 2.875% 5/4/2027	7,303	0.21
£2,497,000	Uliving@Essex3 2.72% 31/8/2066*	1,605	0.05
£2,778,000	Unifund 5.32% 7/12/2047	2,549	0.07
£5,300,000	Unite USAF II 3.921% 30/6/2030	5,124	0.15
£1,250,000	University of Oxford 2.544% 8/12/2117	725	0.02
£6,944,000	UPP Bond Issuer 4.9023% 28/2/2040	5,710	0.17
£3,626,000	Vicinity Centres 3.375% 7/4/2026	3,443	0.10
£2,150,000	Virgin Money 3.375% variable 24/4/2026	2,040	0.06
£4,171,000	Virgin Money 5.125% variable 11/12/2030	3,966	0.12
£7,806,000	Virgin Money 8.25% variable perpetual	7,240	0.21
£7,215,000	Vodafone 3% 12/8/2056	4,566	0.13
£2,550,000	Vodafone 3.375% 8/8/2049	1,824	0.05
£6,100,000	Vodafone 4.875% variable 3/10/2078	5,835	0.17
£3,650,000	Welltower 4.5% 1/12/2034	3,212	0.09
£4,803,000	Welltower 4.8% 20/11/2028	4,616	0.13
£8,925,000	Wessex Water Services Finance 1.25% 12/1/2036	5,667	0.17
£6,704,000	Wessex Water Services 1.5% 17/9/2029	5,400	0.16
£3,441,000	Western Power Distribution 1.625% 7/10/2035	2,368	0.07
£1,760,000	Western Power Distribution 5.5% 9/5/2025	1,796	0.05
£7,259,000	Western Power Distribution 5.75% 16/4/2032	7,638	0.22
£2,280,000	Western Power Distribution 6.25% Step 10/12/2040	2,546	0.07
£8,009,000	Westfield Stratford City 1.642% 4/8/2031	7,043	0.21
£6,897,000	White City Property 5.1202% 17/4/2035	5,459	0.16
£4,045,000	WoDS Transmission 3.446% 24/8/2034	2,774	0.08
£4,882,000	Yorkshire Building Society 3.375% variable 13/9/2028	4,326	0.13
£2,743,000	Yorkshire Building Society 3.511% variable 11/10/2030	2,434	0.07
£2,400,000	Yorkshire Water Services 5.5% Step 28/5/2037	2,554	0.07
£5,887,000	Zurich Finance 5.125% variable 23/11/2052	5,536	0.16
Total Corporate Bonds		1,270,011	37.14
Government Bonds – 0.49% (31/01/22 – 0.41%)			
£2,574,000	Saltire Finance 2.711% 9/5/2054	1,869	0.05
£15,300,000	UK Treasury 2.25% 7/9/2023	15,188	0.44
Total Government Bonds		17,057	0.49
Index-Linked Bonds – 0.01% (31/01/22 – 0.02%)			
£250,000	Western Power Distribution 2.671% Index-Linked 1/6/2043	433	0.01
Total Index-Linked Bonds		433	0.01

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Equities – 60.24% (31/01/22 – 59.41%)			
Basic Materials – 3.61% (31/01/22 – 3.29%)			
Chemicals – 3.61%			
822,387	Croda International	56,629	1.65
202,833	IMCD Group	25,937	0.76
180,000	Sika	41,186	1.20
Total Basic Materials		123,752	3.61
Industrials – 15.34% (31/01/22 – 15.62%)			
Construction & Materials – 1.70%			
399,714	Trane Technologies	58,189	1.70
Electronic & Electrical Equipment – 4.67%			
318,813	Agilent Technologies	39,378	1.15
610,456	Schneider Electric	79,875	2.33
395,138	TE Connectivity	40,817	1.19
General Industrials – 0.00%			
Industrial Engineering – 3.71%			
352,627	Nordson Corporation	69,695	2.04
133,703	Spirax-Sarco Engineering	15,416	0.45
496,753	Wabtec Corporation	41,884	1.22
Industrial Transportation – 1.19%			
423,507	Canadian National Railway	40,832	1.19
Support Services – 4.07%			
2,542,729	Experian	75,061	2.19
13,087,455	Rentokil Initial	64,220	1.88
Total Industrials		525,367	15.34
Consumer Goods – 4.34% (31/01/22 – 3.31%)			
Automobiles & Parts – 0.89%			
333,236	Aptiv	30,608	0.89
Personal Goods – 3.45%			
281,472	Adidas	36,596	1.07
121,352	L'Oreal	40,472	1.18
996,151	Unilever	40,927	1.20
Total Consumer Goods		148,603	4.34
Healthcare – 7.71% (31/01/22 – 9.41%)			
Healthcare Equipment & Services – 3.39%			
92,777	Intuitive Surgical	18,514	0.54
161,362	Thermo Fisher Scientific	74,755	2.18
137,463	Steris	23,052	0.67
Pharmaceuticals & Biotechnology – 4.32%			
689,986	AstraZeneca	73,069	2.14
112,993	IQVIA Holding	21,056	0.62
478,417	Novo Nordisk 'B'	53,528	1.56
Total Healthcare		263,974	7.71
Consumer Services – 6.48% (31/01/22 – 5.60%)			
Food & Drug Retailers – 2.96%			
607,860	Ferguson	70,251	2.05
1,159,258	Greggs	31,184	0.91
General Retailers – 1.26%			
249,136	Amazon.com	20,870	0.61
23,176	MercadoLibre	22,226	0.65
Travel & Leisure – 2.26%			
4,008,353	Compass Group	77,402	2.26
Total Consumer Services		221,933	6.48

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Utilities – 2.05% (31/01/22 – 1.69%)			
Electricity – 2.05%			
4,074,929	SSE	70,231	2.05
Total Utilities		70,231	2.05
Financials – 11.17% (31/01/22 – 6.43%)			
Banks – 3.53%			
5,665,538	HSBC	33,789	0.99
88,678,718	Lloyds Banking Group	46,627	1.36
5,924,470	Standard Chartered	40,239	1.18
Financial Services – 4.88%			
967,557	London Stock Exchange	71,638	2.09
6,860,343	Natwest Group	21,123	0.62
396,586	Visa 'A'	74,176	2.17
Life Insurance – 1.74%			
4,434,993	Prudential	59,407	1.74
Real Estate Investment Trusts – 1.02%			
4,188,985	Segro	34,769	1.02
Total Financials		381,768	11.17
Technology – 9.54% (31/01/22 – 14.06%)			
Software & Computer Services – 5.80%			
73,032	Adobe	21,969	0.64
247,864	Alphabet 'A'	19,902	0.58
191,788	Autodesk	33,519	0.98
62,113	Intuit	21,336	0.62
261,725	Microsoft	52,685	1.54
6,360,201	Sage	49,406	1.44
Technology Hardware & Equipment – 3.74%			
77,883	ASML Holding	41,403	1.21
288,681	Taiwan Semiconductor Manufacturing		
	ADR	21,740	0.64
449,627	Texas Instruments	64,717	1.89
Total Technology		326,677	9.54
Core Capital Deferred Shares – 0.08% (31/01/22 – 0.10%)			
£20,000	Nationwide Building Society 10.25% variable perpetual	2,585	0.08
Total Core Capital Deferred Shares		2,585	0.08
Total value of investments			
		3,382,914	98.85
Net other assets			
		39,272	1.15
Total net assets			
		3,422,186	100.00

* Level 3 assets

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

Summary of Material Portfolio Changes

For the year ended 31 January 2023

Significant Purchases

	Cost £'000
UK Treasury 0.5% 22/7/2022	219,319
UK Treasury 0.125% 31/1/2023	82,568
UK Treasury 1.75% 7/9/2022	74,924
Canadian National Railway	44,258
Lloyds Banking Group	41,470
Unilever	40,565
Wabtec Corporation	37,796
Standard Chartered	37,211
HSBC	33,718
Steris	21,102
Subtotal	632,931
Total cost of purchases, including the above, for the year	1,366,073

Significant Sales

	Proceeds £'000
UK Treasury 0.5% 22/7/2022	219,313
UK Treasury 0.125% 31/1/2023	82,544
UK Treasury 1.75% 7/9/2022	74,917
CSX	44,201
Nvidia	37,296
Alphabet 'A'	33,665
Intertek	32,999
Stryker	31,155
Intuit	29,434
Koninklijke Philips	29,396
Subtotal	614,920
Total proceeds from sales, including the above, for the year	1,322,979

Comparative Tables

Class A Income

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

* The AMC was reduced on 1 January 2021 to 1.25%.

Class B Accumulation

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

Class B Income

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

Class C Accumulation

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

Comparative Tables (continued)

Class C Income

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

Class D Accumulation

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

Class D Income

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

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

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

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

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

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

In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the requirements of the Statement of Recommended Practice relating to Authorised Funds and the Trust Deed;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements and;
- prepare accounts on a going concern basis unless inappropriate to do so.

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

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

The Depositary in its capacity as Trustee of Royal London Sustainable Diversified Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

The Depositary must ensure that:

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

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

Report of the Trustee to the Unitholders of the Royal London Sustainable Diversified Trust

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

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

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

HSBC Bank Plc
Trustee of Royal London Sustainable Diversified Trust
8 Canada Square, Canary Wharf, London E14 5HQ
20 March 2023

Independent Auditors' Report to the Unitholders of Royal London Sustainable Diversified Trust

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Royal London Sustainable Diversified Trust (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 31 January 2023 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

Manager's Report

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

Independent Auditors' Report to the Unitholders of Royal London Sustainable Diversified Trust (continued)

Report on the audit of the financial statements – continued

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

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

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Use of this report

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

Independent Auditors' Report to the Unitholders of Royal London Sustainable Diversified Trust (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 and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2023

Financial Statements

Statement of Total Return

For the year ended 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Income			
Net capital (losses)/gains	4	(280,750)	134,102
Revenue	5	76,044	59,328
Expenses	6	(26,062)	(24,856)
Interest payable and similar charges		(4)	(2)
Net revenue before taxation		49,978	34,470
Taxation	7	(5,498)	(2,992)
Net revenue after taxation		44,480	31,478
Total (deficit)/return before distributions		(236,270)	165,580
Distributions	8	(44,482)	(31,486)
Change in net assets attributable to unitholders from investment activities		(280,752)	134,094

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 January 2023

	31 Jan 2023 £'000	31 Jan 2022 £'000
Opening net assets attributable to unitholders	3,679,293	2,513,059
Amounts receivable on issue of units	325,364	1,041,242
Amounts payable on cancellation of units	(339,398)	(36,626)
	(14,034)	1,004,616
Change in net assets attributable to unitholders from investment activities	(280,752)	134,094
Unclaimed distributions	1	–
Retained distribution on accumulation units	37,678	27,524
Closing net assets attributable to unitholders	3,422,186	3,679,293

Balance Sheet

As at 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Assets			
Investments		3,382,914	3,627,187
Current assets:			
Debtors	9	39,013	33,134
Cash and bank balances	10	25,747	27,100
Total assets		3,447,674	3,687,421
Liabilities			
Creditors:			
Bank overdraft		–	43
Other creditors	11	23,832	7,232
Distribution payable		1,656	853
Total liabilities		25,488	8,128
Net assets attributable to unitholders		3,422,186	3,679,293

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

J.S. Glen (Director)

P. Beamish (Director)

Notes to the Financial Statements

For the year ended 31 January 2023

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investments Schemes Sourcebook. They have been prepared in accordance with applicable UK accounting standards, Trust Deed and in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (now referred to as The Investment Association) in May 2014 (the 2014 SORP) and amended in 2017.

As stated in the Statement of the Manager's Responsibilities in relation to the Report and Financial Statements of the Trust on page 14, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Trust.

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

Basis of valuation of investments

The investments of the Trust have been valued at closing bid price on 31 January 2023 excluding accrued interest for fixed interest securities, the last valuation point in the accounting year.

Exchange rates

Assets and liabilities denominated in foreign currencies have been converted to sterling at the bid-market closing rates of exchange on 31 January 2023. Revenue and expenditure transactions are translated at the rates of exchange ruling at the date of transaction.

Recognition of revenue

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

Revenue from stock dividends is treated as distributable.

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

Other revenue is accounted for on an accruals basis.

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

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

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

Dividends from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes.

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

Treatment of expenses

RLUM Limited's annual charge (A Income 1.25%; B Income and B Accumulation 1.00%; C Income and C Accumulation 0.75%; D Income and D Accumulation 0.60%) is calculated daily on the total net assets of the Trust. All expenses are charged against revenue, except those relating to the purchase and sale of investments, which are charged against capital.

Expenses include irrecoverable VAT.

Taxation

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

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

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

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

2. Distribution policy

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

Distributions are paid to unitholders quarterly.

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

3. Risk management policies

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

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

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

Market price risk

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

Interest rate risk

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

Foreign currency risk

The value of the Trust's investments may be affected by currency movements since a proportion of the assets are denominated in currencies other than sterling. The Manager may, from time to time, seek to mitigate the effect of these currency exposures by covering a proportion of its investments using forward currency hedges. However, no such arrangements were in place at the year end. The Trust may also be subject to short-term exposure to exchange rate movements, for example where there is a delay between dealing and subsequent settlement. However, the Manager considers that this does not pose a significant risk given the short-term nature of this exposure. The risk of currency movements on the income property of the Trust is minimised by converting income received in foreign currency into sterling on the date of transaction.

Credit risk

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

Liquidity risk

The Trust's assets comprise mainly readily available realisable securities, which can be sold to meet funding requirements if and when necessary. The main liability of the Trust is the redemption of any units that investors wish to sell. Liquidity risk, mainly derived from the liability to unitholders, is minimised through holding cash and readily realisable securities which can meet the usual requirements of unit redemptions.

Other risks – geopolitical

The Ukraine conflict and its consequences, including economic sanctions on Russia, are having an impact on global financial markets and commodity pricing.

RLAM is closely monitoring the associated geopolitical risks in relation to inflation, volatile markets and security pricing. The Trust has no direct exposure to Russian companies and RLAM is complying with all restrictions and sanctions issued by the relevant authorities.

Risk disclosure breakdown is available on pages 24 to 25.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

4. Net capital (losses)/gains

	31 Jan 2023 £'000	31 Jan 2022 £'000
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(278,655)	134,095
Special dividends (capital)	–	776
Currency losses	(2,088)	(761)
Activity fees	(7)	(8)
Net capital (losses)/gains	(280,750)	134,102

5. Revenue

	31 Jan 2023 £'000	31 Jan 2022 £'000
UK dividends	11,040	13,357
Overseas dividends	15,434	10,731
Interest on debt securities	45,811	32,525
Bank interest	521	2
Stock dividends	3,238	2,713
Total revenue	76,044	59,328

6. Expenses

	31 Jan 2023 £'000	31 Jan 2022 £'000
Payable to the Manager, associates of the Manager and their agents:		
Manager's annual charge	25,498	24,316
Payable to the Trustee, associates of the Trustee and their agents:		
Trustee's fee	211	211
Safe custody charges	336	312
	547	523
Other expenses		
Audit fee	17	17
	17	17
Total expenses	26,062	24,856

Audit fee £18,772 (31/01/22: £16,846) inclusive of VAT.

7. Taxation

a) Analysis of charge for the year

	31 Jan 2023 £'000	31 Jan 2022 £'000
Corporation tax	4,053	1,533
Overseas tax	1,344	1,144
Reclaimable tax written off*	101	315
Current tax charge for the year	5,498	2,992

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (31/01/22: lower) than the standard rate of corporation tax in the UK for a unit trust of 20%.

The differences are explained below:

Net revenue before taxation	49,978	34,470
Corporation tax 20% (31/01/22: 20%)	9,996	6,894
Effects of:		
Revenue not subject to taxation	(5,943)	(5,361)
Irrecoverable overseas tax	1,344	1,144
Reclaimable tax written off*	101	315
Current tax charge for the year	5,498	2,992

c) Factors that may affect future tax charges

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

* Relates to aged tax reclaims written off, including Norwegian, Danish, German, Dutch, Italian & Swiss tax reclaims.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

8. Distributions

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

	31 Jan 2023 £'000	31 Jan 2022 £'000
Accumulation Units		
First Interim	8,126	6,991
Second Interim	11,755	9,579
Third Interim	8,494	5,695
Final	9,303	5,259
	37,678	27,524
Income Units		
First Interim	1,459	1,463
Second Interim	2,153	1,966
Third Interim	1,482	978
Final	1,656	853
	6,750	5,260
	44,428	32,784
Add: Amounts deducted on cancellation of units	500	36
Deduct: Amounts received on creation of units	(446)	(1,334)
Net distribution for the year	44,482	31,486

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

Net revenue after taxation	44,480	31,478
Equalisation on conversions	1	9
Movement in net income property	1	(1)
Net distribution for the year	44,482	31,486

9. Debtors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amount receivable for issue of units	1,114	13,189
Sales awaiting settlement	14,881	–
Accrued revenue	22,569	19,639
Overseas tax recoverable	449	306
Total debtors	39,013	33,134

10. Cash and bank balances

	31 Jan 2023 £'000	31 Jan 2022 £'000
Cash and bank balances	25,747	27,100
Total cash and bank balances	25,747	27,100

11. Other creditors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amount payable for cancellation of units	6,679	14
Purchases awaiting settlement	14,863	4,728
FX purchases awaiting settlement	11	–
Accrued expenses	2,271	2,436
Corporation tax payable	8	54
Total other creditors	23,832	7,232

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

12. Reconciliation of number of units

	Class A Income
Opening units at 01/02/22	83,573,879
Units issued	1,682,600
Units cancelled	(4,766,100)
Units converted	(693,137)
Closing units at 31/01/23	79,797,242

	Class B Accumulation	Class B Income
Opening units at 01/02/22	500	500
Units issued	–	–
Units cancelled	–	–
Units converted	–	–
Closing units at 31/01/23	500	500

	Class C Accumulation	Class C Income
Opening units at 01/02/22	901,069,046	214,149,641
Units issued	49,917,800	15,408,100
Units cancelled	(85,145,800)	(28,937,300)
Units converted	(1,186,074)	689,652
Closing units at 31/01/23	864,654,972	201,310,093

	Class D Accumulation	Class D Income
Opening units at 01/02/22	407,411,747	11,994,382
Units issued	81,158,900	2,119,900
Units cancelled	(45,512,400)	(1,136,200)
Units converted	1,035,239	379,257
Closing units at 31/01/23	444,093,486	13,357,339

All classes within the Unit Trust have the same rights on winding up.

13. Contingent liabilities and outstanding capital commitments

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

14. Related party transactions

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

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

At the year end £7,672,000 (31/01/22: £10,828,000) was due to RLUM Limited. These amounts are included in amounts receivable for issue of units in note 9 and amounts payable for cancellation of units and accrued expenses in note 11.

At the year end, 21.23% (31/01/22: 19.26%) of the units in issue were held by RLUM Limited.

The units in issue are held by The Royal London Mutual Insurance Society Limited. RLUM Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 21.

The fair values of the Trust's assets and liabilities are represented by the values shown in the balance sheet on page 19. 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 Trust's currency exposure is analysed below:

Currency	31 Jan 2023 £'000	31 Jan 2022 £'000
Sterling	2,219,161	2,225,090
Canadian dollar	40,954	–
Danish krone	53,719	45,464
Euro	224,553	250,329
Norwegian krone	3	16
Swiss franc	41,313	69,571
US dollar	842,483	1,088,823
Total	3,422,186	3,679,293

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

15. Risk disclosures – continued

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Trust would have decreased by £120,303,000 (31/01/22: £145,420,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Trust would have increased by £120,303,000 (31/01/22: £145,420,000). 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 Trust would have increased by £338,291,000 (31/01/22: £362,719,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Trust would have decreased by £338,291,000 (31/01/22: £362,719,000). 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 Trust's financial assets and liabilities at 31 January 2023 compared to the previous year end was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 Jan 2023				
Sterling	413,309	932,719	898,610	2,244,638
Canadian dollar	122	–	40,832	40,954
Danish krone	6	–	53,713	53,719
Euro	8	–	224,545	224,553
Norwegian krone	3	–	–	3
Swiss franc	127	–	41,186	41,313
US dollar	62	–	845,873	845,935
Total	413,637	932,719	2,104,759	3,451,115
31 Jan 2022				
Sterling	409,023	1,058,999	765,203	2,233,225
Danish krone	1	–	45,463	45,464
Euro	7	–	250,322	250,329
Norwegian krone	3	–	13	16
Swiss franc	8	–	69,563	69,571
US dollar	–	–	1,093,377	1,093,377
Total	409,042	1,058,999	2,223,941	3,691,982

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31 Jan 2023			
Sterling	–	(25,477)	(25,477)
US dollar	–	(3,452)	(3,452)
Total	–	(28,929)	(28,929)
31 Jan 2022			
Sterling	–	(8,135)	(8,135)
US dollar	(43)	(4,511)	(4,554)
Total	(43)	(12,646)	(12,689)

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 £1,170,000 (31/01/22: £2,151,000). 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 31/01/23, would change by £390,000 (31/01/22: £717,000).

A change of 3 % in the prevailing interest rates would result in a change of 7.47% (31/01/22: 9.50%) to the value of the Fund. A change of 1% in the prevailing interest rates would result in a change of 2.49% (31/01/22: 3.17%) to the value of the Fund. These examples represent the Manager'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.

	31 Jan 2023		31 Jan 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Credit breakdown*				
Investments of investment grade	1,151,291	33.64	1,300,092	35.35
Investments of below investment grade	48,965	1.44	47,272	1.29
Unrated bonds	117,768	3.45	89,856	2.43
Equities	2,062,305	60.24	2,186,247	59.41
Core Capital Deferred Shares	2,585	0.08	3,720	0.10
Total value of investments	3,382,914	98.85	3,627,187	98.58

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

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

16. Portfolio Transaction Costs

For the year ended 31 January 2023

Analysis of total purchases costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	433,587	194	0.04	971	0.22	215	0.05	434,967
Bond transactions	931,106	–	–	–	–	–	–	931,106
Total	1,364,693	194		971		215		1,366,073

Analysis of total sales costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	534,358	247	0.05	2	–	7	–	534,102
Bond transactions	691,589	–	–	–	–	–	–	691,589
Corporate actions	97,288	–	–	–	–	–	–	97,288
Total	1,323,235	247		2		7		1,322,979

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.03%
Other expenses	0.01%

For the year ended 31 January 2022

Analysis of total purchases costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	797,370	390	0.05	732	0.09	37	–	798,529
Bond transactions	1,431,634	–	–	–	–	–	–	1,431,634
Total	2,229,004	390		732		37		2,230,163

Analysis of total sales costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	288,540	142	0.05	–	–	–	–	288,398
Bond transactions	921,507	–	–	–	–	–	–	921,507
Corporate actions	3	–	–	–	–	–	–	3
Total	1,210,050	142		–		–		1,209,908

Commissions, taxes and fees as % of average net assets

Commissions	0.02%
Taxes	0.02%
Other expenses	0.00%

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

At the balance sheet date the dealing spread was 0.37% (31/01/22: 0.34%).

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

17. Fair value of investments

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

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

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

As at the year ended 31 January 2023

Category	1 £000	2 £000	3 £000	Total £000
Investments				
Equities	2,062,305	–	–	2,062,305
Bonds	–	1,313,631	4,393	1,318,024
Core Capital Deferred Shares	–	2,585	–	2,585
Total	2,062,305	1,316,216	4,393	3,382,914

As at the year ended 31 January 2022

Category	1 £000	2 £000	3 £000	Total £000
Investments				
Equities	2,186,247	–	–	2,186,247
Bonds	–	1,431,431	5,789	1,437,220
Core Capital Deferred Shares	–	3,720	–	3,720
Total	2,186,247	1,435,151	5,789	3,627,187

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

At the current year end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058 and Uliving@Essex3 2.72% 31/8/2066.

At the prior year Finance for Residence Social Housing 'A1' 8.369% 4/10/2058 and Uliving@Essex3 2.72% 31/8/2066 were the level 3 assets held.

The fair value of both securities were based on a single broker quote at the last valuation point in the current and prior accounting year respectively.

18. Events after the balance sheet date

Subsequent to the Trust's year end, 31 January 2023, factors such as recent domestic political turmoil, inflation, the ongoing Coronavirus pandemic & the Ukraine situation could cause the Trust to be impacted by resulting volatility in stock markets and adverse investor sentiment.

These events have given rise to a non-adjusting subsequent event. The net asset value (NAV) of the Trust as at 16 March 2023 was £3,303,081,208 The impact of the market movements on the Trust's NAV between the end of the reporting period 31 January 2023 and the date of which the financial statements were authorised for issue was (3.04%).

There have been no significant redemptions during this period.

Distribution Tables

For the year ended 31 January 2023

Distribution in pence per unit

First Interim

Group 1: Units purchased prior to 1 February 2022

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

	Net Income	Equalisation	Distribution paid 30/06/22	Distribution paid 30/06/21
Class A Income				
Group 1	0.3917	–	0.3917	0.4776
Group 2	0.2372	0.1545	0.3917	0.4776
Class B Accumulation				
Group 1	1.5240	–	1.5240	1.5860
Group 2	1.5240	0.0000	1.5240	1.5860
Class B Income				
Group 1	0.3740	–	0.3740	0.4400
Group 2	0.3740	0.0000	0.3740	0.4400
Class C Accumulation				
Group 1	0.5731	–	0.5731	0.6422
Group 2	0.3337	0.2394	0.5731	0.6422
Class C Income				
Group 1	0.4850	–	0.4850	0.5488
Group 2	0.3042	0.1808	0.4850	0.5488
Class D Accumulation				
Group 1	0.6461	–	0.6461	0.7135
Group 2	0.3459	0.3002	0.6461	0.7135
Class D Income				
Group 1	0.5408	–	0.5408	0.6058
Group 2	0.2921	0.2487	0.5408	0.6058

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per unit

Second Interim

Group 1: Units purchased prior to 1 May 2022

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

	Net Income	Equalisation	Distribution paid 30/09/22	Distribution paid 30/09/21
Class A Income				
Group 1	0.6884	–	0.6884	0.6596
Group 2	0.2979	0.3905	0.6884	0.6596
Class B Accumulation				
Group 1	0.7038	–	0.7038	0.7040
Group 2	0.7038	0.0000	0.7038	0.7040
Class B Income				
Group 1	0.6474	–	0.6474	0.5780
Group 2	0.6474	0.0000	0.6474	0.5780
Class C Accumulation				
Group 1	0.8368	–	0.8368	0.8226
Group 2	0.4014	0.4354	0.8368	0.8226
Class C Income				
Group 1	0.7062	–	0.7062	0.7010
Group 2	0.3552	0.3510	0.7062	0.7010
Class D Accumulation				
Group 1	0.9112	–	0.9112	0.9011
Group 2	0.4214	0.4898	0.9112	0.9011
Class D Income				
Group 1	0.7603	–	0.7603	0.7599
Group 2	0.4205	0.3398	0.7603	0.7599

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per unit

Third Interim

Group 1: Units purchased prior to 1 August 2022

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

	Net Income	Equalisation	Distribution paid 31/12/22	Distribution paid 31/12/21
Class A Income				
Group 1	0.4335	–	0.4335	0.2222
Group 2	0.2032	0.2303	0.4335	0.2222
Class B Accumulation				
Group 1	0.4720	–	0.4720	0.3320
Group 2	0.4720	0.0000	0.4720	0.3320
Class B Income				
Group 1	0.4260	–	0.4260	0.2600
Group 2	0.4260	0.0000	0.4260	0.2600
Class C Accumulation				
Group 1	0.6044	–	0.6044	0.4419
Group 2	0.3079	0.2965	0.6044	0.4419
Class C Income				
Group 1	0.5083	–	0.5083	0.3752
Group 2	0.2654	0.2429	0.5083	0.3752
Class D Accumulation				
Group 1	0.6755	–	0.6755	0.5201
Group 2	0.3867	0.2888	0.6755	0.5201
Class D Income				
Group 1	0.5616	–	0.5616	0.4367
Group 2	0.3029	0.2587	0.5616	0.4367

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per unit

Final

Group 1: Units purchased prior to 1 November 2022

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

	Net Income	Equalisation	Distribution payable 31/03/23	Distribution paid 31/03/22
Class A Income				
Group 1	0.5194	–	0.5194	0.1455
Group 2	0.3386	0.1808	0.5194	0.1455
Class B Accumulation				
Group 1	0.5540	–	0.5540	0.2700
Group 2	0.5540	0.0000	0.5540	0.2700
Class B Income				
Group 1	0.5260	–	0.5260	0.1980
Group 2	0.5260	0.0000	0.5260	0.1980
Class C Accumulation				
Group 1	0.6861	–	0.6861	0.3774
Group 2	0.4235	0.2626	0.6861	0.3774
Class C Income				
Group 1	0.5753	–	0.5753	0.3201
Group 2	0.3461	0.2292	0.5753	0.3201
Class D Accumulation				
Group 1	0.7591	–	0.7591	0.4562
Group 2	0.4117	0.3474	0.7591	0.4562
Class D Income				
Group 1	0.6288	–	0.6288	0.3823
Group 2	0.5128	0.1160	0.6288	0.3823

Remuneration Policy (unaudited)

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

RLUM Limited and Royal London Asset Management Limited (“the Investment Adviser”) are wholly owned subsidiaries of The Royal London Mutual Insurance Society, “the Group”. The Group maintains a “Group Remuneration Policy” that RLUM has adopted which is consistent with and promotes sound and effective risk management. It is designed so that risk-taking is not encouraged where this is inconsistent with the risk profile of the Trust. The Group has appointed a Remuneration Committee which is made up of Non-Executive Directors and is advised by independent remuneration consultants. The Committee considers the advice by independent remuneration consultants and the Committee considers implications of remuneration policies across the Group, including for RLUM.

The Group Remuneration Policy adopts performance related pay, with salaries determined by reference to both individual performance and the external market. Total Remuneration comprises a mix of fixed remuneration (including base salary and benefits), and variable remuneration in the form of incentives. The ratio between fixed and variable pay (both short-term and long-term incentives) is set by the Group to ensure that there is appropriate balance between the fixed and variable remuneration components. The Group Remuneration Policy applies to staff of the Manager whose professional activities have a material impact on the risk profile of the Manager or the Trust and ensures that an individual cannot be involved in determining or approving their own remuneration.

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

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

RLUM has a board of directors (the “Directors”). The Directors of the Company who are also employees of the Group, do not receive any remuneration in respect of their services as directors of RLUM. The other Non-Executive Directors receive fixed remuneration in respect of their services which is set at a level determined by the Group and is not performance related. None of the Directors are currently in receipt of variable remuneration in respect of their services as Directors of RLUM.

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

General Information

Pricing and dealing

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

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

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

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

Buying units

Units may be bought on any business day via an authorised intermediary or from the Manager by telephoning the Dealing desk on 03456 05 77 77*. Alternatively, an application form should be completed and sent to the Manager. Units will be allocated at the price ruling at the next valuation point and a contract note confirming the purchase will be issued immediately thereafter.

Selling units

Units may be sold back to the Manager on any business day. Units can be sold by telephone by calling the Dealing desk on 03456 05 77 77* or alternatively by putting your request in writing. The Manager will allocate the price calculated from the next valuation point and issue a contract note as evidence of the sale.

Settlement will be issued within 4 business days following receipt of satisfactory evidence to title of the units.

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

Cancellation rights

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

UK taxation

The Trust is not subject to Capital Gains Tax.

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

Investors receive a distribution of net revenue with tax credit equivalent to the lower rate of income tax. Where the distribution is retained within the Trust and not paid out it should be included in investors' Income Tax Return. No further liability exists if they pay at the lower or basic rate, but higher rate tax will be payable as appropriate. If investors are not liable to tax they are unable to claim repayment of the tax credit from HM Revenue & Customs.

The treatment of distributions as received by corporate unit holders is detailed on the reverse of dividend warrants. The first distribution received after purchasing units includes an amount described as 'equalisation'. This is a repayment of capital and is therefore not liable to Income Tax. It should, however, be deducted from the initial cost of units for Capital Gains Tax purposes.

Authorisation

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

Trust Reports and Prospectus

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

Advisory Committee

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

Transfer of units

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

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

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

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

Contact Us

For further information
please contact:

**Royal London
Asset Management Limited**

55 Gracechurch Street,
London EC3V 0RL

020 3272 5950

bdsupport@rlam.co.uk

www.rlam.com

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

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

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

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

All of these companies are subsidiaries of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London EC3V 0RL.

Ref: SREP RLAM PD 0266

