



ANNUAL REPORT

Royal London Equity Funds ICVC
Annual Report for the year ended 31 August 2018

ASSET MANAGEMENT

COMPANY INFORMATION

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

† With effect 15 January 2018. Previously known as the Royal London UK Growth Fund.

Page	Company
2	Royal London Equity Funds ICVC
3	Registered in England with Company Number IC000807
4	Registered office:
5	55 Gracechurch Street, London, EC3V 0RL
5	
6	<u>Directors</u>
8	The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited which is the sole director.
10	
25	Place of business and Registered office:
40	55 Gracechurch Street, London, EC3V 0RL
54	Authorised and regulated by the Financial Conduct Authority;
71	a member of The Investment Association (IA).
87	T: 020 7506 6500
106	F: 020 7506 6503
125	Directors: A.S. Carter
139	R.S. James (resigned 31 December 2017)
154	R.A.D. Williams
169	A. Hunt
184	R. Kumar
199	S. Spiller
218	C.R. Read (appointed 11 January 2018)
237	<u>Investment Adviser</u>
258	Royal London Asset Management Limited
274	Place of business and Registered office:
287	55 Gracechurch Street, London, EC3V 0RL
287	Authorised and Regulated by the Financial Conduct Authority.
290	
293	<u>Depositary</u>
309	HSBC Bank plc
310	8 Canada Square, Canary Wharf, London, E14 5HQ
	Authorised and Regulated by the Financial Conduct Authority.
	<u>Registrar</u>
	DST Financial Services International Limited
	The Register may be inspected at:
	DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS
	Authorised and Regulated by the Financial Conduct Authority.
	<u>Independent Auditors</u>
	PricewaterhouseCoopers LLP
	Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

DIRECTORS' REPORT

We are pleased to present the Annual Report for the Royal London Equity Funds ICVC, covering the year from 1 September 2017 to 31 August 2018.

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

The sub-funds in existence during the year from 1 September 2017 to 31 August 2018 were:

Royal London European Opportunities Fund (launched 30 October 2009)
Royal London UK Mid Cap Growth Fund (launched 30 October 2009)
Royal London UK Opportunities Fund (launched 30 October 2009)
Royal London Japan Tracker Fund (launched 26 February 2010)
Royal London FTSE® 350 Tracker Fund (launched 26 February 2010)
Royal London UK All Share Tracker Fund (launched 26 February 2010)
Royal London US Tracker Fund (launched 26 February 2010)
Royal London European Growth Fund (launched 30 April 2010)
Royal London UK Dividend Growth Fund (launched 30 April 2010)
Royal London UK Equity Income Fund (launched 5 November 2010)
Royal London UK Equity Fund (launched 5 November 2010)
Royal London UK Smaller Companies Fund (launched 5 November 2010)
Royal London Asia Pacific ex Japan Fund (launched 5 November 2010)
Royal London Europe ex UK Tracker Fund (launched 4 June 2013)
Royal London Emerging Markets Equity Tracker Fund (launched 12 June 2017)
Royal London Global Equity Diversified Fund (launched 10 October 2017)
Royal London Global Equity Select Fund (launched 10 October 2017)

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

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

Shareholders are not liable for the debts of the Company.

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

For and behalf of Royal London Unit Trust Managers Limited

Authorised Corporate Director

R. Kumar (Director)

A. Hunt (Director)

27 November 2018

STATEMENT OF AUTHORISED CORPORATE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS OF THE COMPANY

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

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

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

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

The Depositary must ensure that:

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

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

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE ROYAL LONDON EQUITY FUNDS ICVC

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

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

HSBC Bank plc

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

HSBC Bank plc

27 November 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYAL LONDON EQUITY FUNDS ICVC ("THE COMPANY")

Report on the audit of the financial statements

Opinion

In our opinion, Royal London Equity Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 August 2018 and of the net revenue and the net capital gains/losses of its scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Royal London Equity ICVC (the "company") is an Open Ended Investment Company ("OEIC") with 17 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within [i] the Annual Report, which comprise: the balance sheets as at 31 August 2018; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; [ii] the distribution tables; the accounting policies; and [iii] the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

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

Authorised Corporate Director's Report

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROYAL LONDON EQUITY FUNDS ICVC ("THE COMPANY") (CONTINUED)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Directors' Responsibilities in Relation to the Financial Statements of the Company set out on page 4, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or have 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.

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/auditors-responsibilities. This description forms part of our auditors' report.

Use of this report

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

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 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
Edinburgh

27 November 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

Basis of accounting

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

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

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

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

Basis of valuation of investments

The investments of the Company have been valued at the closing bid price on 31 August 2018, the last valuation point in the accounting year.

Unquoted, suspended and delisted investments are valued based on the Authorised Corporate Director's (ACD) opinion of fair value, the intention of which is to estimate market value.

Exchange rates

Assets and liabilities denominated in foreign currencies have been converted to sterling at the bid-market closing rates of exchange on 31 August 2018.

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

Recognition of revenue

Revenue from equities and non-equity shares (including preference shares) is recognised when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised when the dividend is declared. Interest and revenue from bank balances and deposits, stock lending (net of fees paid) and other securities is recognised on an accruals basis.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the sub-fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

UK dividends are shown net of any associated tax credits attached to the income.

Overseas revenue received after the deduction of withholding tax is shown gross of tax, with the tax consequences shown within the tax charge.

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

Dividends from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs' tax-exempt rental business is known as PID revenue. PID revenue received by the Fund is subject to corporation tax and is included within the corporation tax charged to the Fund in note 5. 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 and are reflected under UK dividends within the revenue note.

Dividends received from US REITs are allocated between revenue and capital for distribution purposes. The split is based on the year-end tax reporting data issued by the US REIT available on the website www.REIT.com. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior year's aggregated dividend split for each US REIT.

Treatment of expenses

Expenses are recognised on an accruals basis.

The underlying sub-funds may currently have up to four share classes. Each share class applies a different ACD fee, which can be found in the constitution starting on page 287. Consequently the level of expenses attributable to each share class will differ.

Taxation

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

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

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

Authorised funds are exempt from UK Capital Gains Tax. However, sub-funds which invest in certain types of Indian assets are, in certain circumstances, subject to Indian Capital Gains Tax. At year end 31 August 2018 the Royal London Emerging Markets Equity Tracker Fund was the only sub-fund with direct exposure to these type of assets.

Treatment of derivative contracts

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

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

Dilution levy

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

Normally the Company will only charge such a levy on a sub-fund experiencing large levels of net purchases or net redemptions relative to its size. Any dilution levy is charged at the discretion of the ACD.

Cross holding

There were no cross holdings in the current or prior year for any sub-funds within the ICVC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2. Distribution policies

Basis of distribution

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

The following sub-funds make distributions on a quarterly basis: UK Equity Income and UK Dividend Growth. UK Dividend Growth began quarterly distributions from the period commencing 1 March 2018.

The following sub-funds make distributions on a half yearly basis: European Opportunities, Japan Tracker, FTSE® 350 Tracker, UK All Share Tracker, European Growth, UK Equity, UK Smaller Companies, Asia Pacific ex Japan Tracker, Europe ex UK Tracker, Global Equity Diversified and Global Equity Select.

The following sub-funds make distributions on an annual basis: UK Mid Cap Growth, UK Opportunities, US Tracker and Emerging Markets Equity Tracker.

Marginal tax relief is not taken into account when determining the amount of revenue available for distribution.

Apportionment to multiple share classes

The allocation of revenue and expenses to each share class is based on the proportion of the sub-fund's assets attributable to each share class on the day the revenue is earned or the expense is suffered. The ACD's management charge is specific to each share class.

Policy for stock dividends

The ordinary element of stock dividends is treated as capital so does not form part of the distribution, except in the case of UK Equity Income where stock dividend income is distributed.

In the case of an enhanced stock dividend the value of the enhancement is treated as capital and also does not form part of the distribution.

Expenses

In determining the net revenue available for distribution, expenses related to the purchase and sale of investments are borne wholly by capital. In the case of UK Equity Income and UK Dividend Growth sub-funds, all expenses are borne by capital. The UK Dividend Growth sub-fund began charging expenses to capital from 1 March 2018.

Equalisation

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

3. Risk management policies

In accordance with its investment objective, the Company holds financial instruments such as equity shares, non-equity shares, cash and has short-term debtors and creditors. The risks arising from the Company's financial instruments are summarised below and remain unchanged from the prior year. Further details can be found on pages 290 to 292.

Market risk

The main risk arising from the Company's financial instruments is market price risk which arises from the uncertainty about future prices.

The individual Fund Managers of the sub-funds review the portfolios in order to consider the asset allocation implications and to minimise the risk associated with particular countries or industry sectors, whilst continuing to follow the sub-funds' investment objectives.

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

Credit and liquidity risk

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

The Company's assets comprise mainly readily available realisable securities, which can be sold to meet funding requirements if and when necessary.

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

Currency risk

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

Interest rate risk

The Company's exposure to interest rate risk is limited to balances held at the bank as disclosed in the balance sheet. Changes to the rate of interest applied on the underlying balances will affect the Company accordingly. All cash balances earn interest at a variable rate. Interest rate risk is considered insignificant so no disclosures have been made within the sub-funds.

Derivatives risk

The ACD may employ derivatives for the purpose of efficient portfolio management. All derivative trading is in the form of instruments listed on a regulated exchange. Financial futures are used in particular for efficient management of cashflow, i.e. to deal with the control of marginal cashflow monies – for example, investment of anticipated dividend receipts, as well as to effect re-allocations of assets. Futures allow the ACD to obtain market exposure quickly (thereby reducing risk) and cheaply (reducing cost).

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London European Opportunities Fund, Class M Accumulation	-0.05	41.32	57.51

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was behind the broad European equity market during the 12-month period under review, using the FTSE® World Europe (ex UK) Index as a guide. Concern about world trade wars and protectionism impacted some holdings in the portfolio, which tends to be overweight global growth companies relative to the index.

Market and Portfolio Commentary

European and global economic growth was generally supportive for equities during the term under review, although the eurozone economy slowed noticeably in the first half of this year after a strong run of activity in the latter months of 2017. Corporate earnings also tended to be broadly positive. However, concern about global protectionism was a negative theme as the US and China maintained heated rhetoric on world trade and imposed tariffs, some of which affected products imported from Europe. Political developments in the eurozone also were problematic, underlining the continued loss of support for mainstream parties and stronger backing for more extreme views; German and Italian elections ended with no clear outcome, and an openly eurosceptic and anti-immigrant government took office in Italy. The European Central Bank (ECB) maintained its programme of monetary stimulus, albeit at a reduced pace, while keeping interest rates unchanged; elsewhere, the US Federal Reserve continued its measured rate increases. The euro weakened against the dollar during the period as a whole, as the gap between US and eurozone policy rates widened.

Ubisoft Entertainment, LVMH and Davide Campari were prominent contributors to Fund returns. Video game developer Ubisoft continued to record rapid growth in revenue as digital sales of games increase and consumers devote more time and money to gaming, rather than traditional forms of entertainment. The stock performed particularly well in October as Ubisoft announced a buyback programme and in April as the company reported annual sales and profit that beat its own forecasts. LVMH, the world's biggest luxury goods company, is benefiting from revived demand in China after a multiyear crackdown on corruption ended and released record full-year results, spurred by double-digit gains in revenue at most of its divisions. Sales growth remained strong at beverage company Davide Campari, supported by rising demand for brands including aperitif Aperol and Wild Turkey bourbon whiskey. Aperol maintained its double-digit annual sales growth, and the brand is becoming an increasingly significant contributor to group revenues.

The holdings of A.P. Moeller-Maersk, Valeo and Bayer detracted from performance. Maersk, owner of the world's largest container shipping line, and Valeo, a maker of automotive components with activities in 33 countries, were hampered by the climate of high-profile US commentary on world trade, which included a threat to levy tariffs on vehicles imported into the country from Europe. Maersk also was hurt by a combination of pressure on freight rates and rising prices for ship fuel, and lowered its forecast for annual profit in July. Valeo was particularly weak in February, when the company reported results and guidance that fell short of market expectations, and in July, when it said higher costs and regulation in Europe

would curb growth. German life sciences company Bayer completed its takeover of US agrochemical company Monsanto in June, paying more than \$60 billion; only two months later, in the first of a wave of lawsuits to go to trial, a US jury said Monsanto had failed to warn of health risks from an herbicide. Bayer stock fell sharply as Monsanto was ordered to pay almost \$300 million to a man who said the product caused his illness.

The Fund established positions during the review period including flavourings and fragrances company Symrise and jet engine manufacturer Safran. Budget airline operator Ryanair Holdings, mechanical engineering company Duerr and Maersk were among allocations that were sold, and profits were taken on exposures including financial DNB and Ubisoft.

The Fund aims to achieve capital growth by investing in a concentrated portfolio of predominantly European company shares that the managers believe have the potential for above average growth and typically holds 30 to 40 positions. The managers prefer businesses, products or services that are able to grow faster than the broader economy, operate in markets with high barriers to entry, and generate strong cashflows.

Investment Outlook

The ECB will end its monetary stimulus after December; we expect rates to remain unchanged until the second half of 2019. Eurozone growth has returned to a solid, unspectacular pace which appears more sustainable. Upside is limited in part by exposure to external risks and political concerns.

Steve Bolton
Fund Manager
Sebastien Beguelin
Assistant Fund Manager
31 August 2018
Royal London Asset Management

Please note that Steven Bolton and Sebastien Beguelin started managing the Fund on 1 October 2017. The previous Fund Manager was Mike Fox.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	160.83	127.66	114.79
Return before operating charges*	0.34	35.22	14.53
Operating charges	(0.93)	(2.05)	(1.66)
Return after operating charges*	(0.59)	33.17	12.87
Distributions on accumulation shares	–	(1.37)	(1.83)
Retained distributions on accumulation shares	–	1.37	1.83
Cancellation price	(160.24)	–	–
Closing net asset value per share	–	160.83	127.66
* after direct transaction costs of:	0.16	0.39	0.15
Performance			
Return after charges	(0.37)%	25.98%	11.21%
Other information			
Closing net asset value (£'000)	–	430,594	264,830
Closing number of shares	–	267,726,727	207,449,345
Operating charges	–	1.44%	1.43%
Direct transaction costs	0.10%	0.28%	0.13%
Prices[^]			
Highest share price	165.10	161.20	130.20
Lowest share price	156.40	124.10	102.90

** From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

COMPARATIVE TABLES (CONTINUED)

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	195.95	154.45	137.89
Return before operating charges*	0.09	42.77	17.59
Operating charges	(1.40)	(1.27)	(1.03)
Return after operating charges*	(1.31)	41.50	16.56
Distributions on accumulation shares	(3.01)	(2.74)	(3.28)
Retained distributions on accumulation shares	3.01	2.74	3.28
Closing net asset value per share	194.64	195.95	154.45
* after direct transaction costs of:	0.19	0.48	0.18
Performance			
Return after charges	(0.67)%	26.87%	12.01%
Other information			
Closing net asset value (£'000)	457,909	331	250
Closing number of shares	235,254,410	169,096	161,631
Operating charges	0.74%	0.74%	0.73%
Direct transaction costs	0.10%	0.28%	0.13%
Prices[^]			
Highest share price	201.30	196.30	157.50
Lowest share price	177.90	150.40	124.00

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 96.69% (31/08/17 – 98.00%)			
Belgium – 1.00% (31/08/17 – 2.24%)			
Financials – 1.00%			
	83,983 KBC Group	4,594	1.00
Total Belgium		4,594	1.00
Denmark – 0.00% (31/08/17 – 2.80%)			
France – 23.71% (31/08/17 – 13.11%)			
Consumer Goods – 10.04%			
	279,418 Danone	16,959	3.70
	24,946 L'Oreal	4,611	1.01
	64,184 LVMH	17,343	3.79
	201,868 Valeo	7,067	1.54
Consumer Services – 0.48%			
	183,331 Elior Group	2,212	0.48
Healthcare – 2.80%			
	70,306 BioMerieux	4,758	1.04
	18,472 Eurofins Scientific	8,043	1.76
Industrials – 4.90%			
	174,571 Safran	17,541	3.83
	45,123 Thales	4,900	1.07
Oil & Gas – 1.98%			
	187,939 Total	9,063	1.98
Technology – 3.51%			
	194,013 UBI Soft Entertainment	16,089	3.51
Total France		108,586	23.71
Germany – 23.45% (31/08/17 – 31.38%)			
Basic Materials – 6.72%			
	211,737 Bayer	15,262	3.33
	117,132 Covestro	7,684	1.68
	108,840 Symrise	7,839	1.71
Financials – 1.52%			
	42,340 Allianz	6,957	1.52
Healthcare – 4.38%			
	56,332 Fresenius	4,398	0.96
	193,713 Merck KGaA	15,652	3.42
Industrials – 4.54%			
	144,469 KION	7,604	1.66
	131,655 Siemens	13,174	2.88
Technology – 6.29%			
	577,682 Infineon Technologies	11,325	2.47
	188,635 SAP	17,474	3.82
Total Germany		107,369	23.45
Ireland – 3.23% (31/08/17 – 7.34%)			
Industrials – 3.23%			
	197,624 CRH	5,047	1.10
	259,509 Kingspan	9,752	2.13
Total Ireland		14,799	3.23

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Italy – 5.71% (31/08/17 – 2.02%)			
Consumer Goods – 2.34%			
	1,569,615 Davide Campari	10,707	2.34
Financials – 3.37%			
	1,386,629 UniCredit	15,432	3.37
Total Italy		26,139	5.71
Luxembourg – 1.96% (31/08/17 – 1.67%)			
Basic Materials – 1.96%			
	693,411 Tenaris	8,948	1.96
Total Luxembourg		8,948	1.96
Netherlands – 13.68% (31/08/17 – 16.92%)			
Consumer Goods – 2.16%			
	222,932 Unilever	9,887	2.16
Financials – 6.42%			
	186,178 ASR Nederland	6,850	1.50
	988,960 ING Groep certificates	10,347	2.26
	369,036 NN Group	12,200	2.66
Industrials – 1.51%			
	200,199 Koninklijke Philips	6,895	1.51
Technology – 3.59%			
	104,612 ASML	16,448	3.59
Total Netherlands		62,627	13.68
Norway – 3.80% (31/08/17 – 2.04%)			
Consumer Goods – 1.30%			
	356,115 Marine Harvest	5,933	1.30
Financials – 2.50%			
	729,523 Den Norske Bank	11,464	2.50
Total Norway		17,397	3.80
Portugal – 3.84% (31/08/17 – 4.31%)			
Consumer Services – 0.52%			
	546,951 NOS SGPS	2,399	0.52
Oil & Gas – 3.32%			
	976,696 Galp Energia SGPS	15,217	3.32
Total Portugal		17,616	3.84
Spain – 3.83% (31/08/17 – 5.86%)			
Financials – 1.37%			
	1,639,802 Banco Santander	6,291	1.37
Industrials – 2.46%			
	676,491 Ferrovial	11,279	2.46
Total Spain		17,570	3.83
Sweden – 1.19% (31/08/17 – 0.00%)			
Industrials – 1.19%			
	347,114 Assa Abloy 'B'	5,452	1.19
Total Sweden		5,452	1.19

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Switzerland – 11.29% (31/08/17 – 8.31%)			
Basic Materials – 2.74%			
109,762	Sika	12,539	2.74
Financials – 3.72%			
17,930	Partners	10,848	2.37
511,630	UBS (registered)	6,158	1.35
Healthcare – 4.83%			
155,052	Novartis (registered)	9,915	2.17
63,590	Roche – participating	12,179	2.66
Total Switzerland		51,639	11.29
Total value of investments		442,736	96.69
Net other assets		15,173	3.31
Total net assets		457,909	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
UniCredit	22,957
Safran	14,826
Merck KGaA	10,586
Tenaris	9,566
Total	9,378
Covestro	9,085
Siemens	8,979
Sika 'B'	8,655
Bayer	8,524
Danone	8,045
Subtotal	110,601
Total cost of purchases, including the above, for the year	274,439

Significant Sales

	Proceeds £'000
UBI Soft Entertainment	14,642
Henkel	13,652
Ryanair	12,824
RELX	11,818
Infineon Technologies	9,929
Deutsche Telekom	9,652
KION	9,412
A.P. Moller-Maersk A/S	9,347
ASML	8,786
Unilever	8,499
Subtotal	108,561
Total proceeds from sales, including the above, for the year	246,291

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital (losses)/gains	2		(7,427)	75,825
Revenue	3	9,663		8,999
Expenses	4	(4,217)		(4,804)
Interest payable and similar charges		(13)		(2)
Net revenue before taxation		5,433		4,193
Taxation	5	(1,918)		(773)
Net revenue after taxation			3,515	3,420
Total return before distributions			(3,912)	79,245
Distributions	6		(6,262)	(3,337)
Change in net assets attributable to shareholders from investment activities			(10,174)	75,908

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		430,925	265,080
Amounts receivable on creation of shares	139,875		144,462
Amounts payable on cancellation of shares	(109,821)		(58,274)
		30,054	86,188
Dilution levy charged		118	66
Change in net assets attributable to shareholders from investment activities		(10,174)	75,908
Retained distributions on accumulation shares		6,985	3,683
Unclaimed distributions		1	–
Closing net assets attributable to shareholders		457,909	430,925

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		442,736	422,301
Current assets:			
Debtors	7	5,504	3,298
Cash and bank balances	8	9,972	7,926
Total assets		458,212	433,525
LIABILITIES			
Creditors:			
Other creditors	9	303	2,600
Total liabilities		303	2,600
Net assets attributable to shareholders		457,909	430,925

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital (losses)/gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(7,712)	76,083
Currency gains/(losses)	303	(244)
Activity fees	(18)	(14)
Net capital (losses)/gains	(7,427)	75,825

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
Overseas dividends	9,566	8,898
Bank interest	17	2
Stock lending income	80	16
Stock dividends	–	83
Total revenue	9,663	8,999

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	4,085	4,689
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	45	40
Safe custody fees	59	49
	104	89
Other expenses:		
Registrar's fees	13	11
Audit fee	10	11
Printing & stationery fee	3	3
Legal fee	2	1
	28	26
Total expenses	4,217	4,804

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	1,175	773
Swiss withholding tax reclaims written off	743	–
Current tax charge for the year	1,918	773

b) Factors affecting the current tax charge for the year

The tax assessed for the year is higher (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	5,433	4,193
Corporation tax at 20% (31/08/17: 20%)	1,087	839
Effects of:		
Revenue not subject to taxation	(1,779)	(1,693)
Current year management expenses not utilised	712	870
Irrecoverable overseas tax	1,175	773
Swiss withholding tax reclaims written off	743	–
Tax relief on overseas tax suffered	(20)	(16)
Current tax charge for the year	1,918	773

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £6,568,000 (31/08/17: £5,856,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	360	–
Final	6,625	3,683
	6,985	3,683
Add: Amounts deducted on cancellation of shares	30	243
Deduct: Amounts received on the creation of shares	(753)	(589)
Net distributions for the year	6,262	3,337

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

Net revenue after taxation	3,515	3,420
Stock dividend charged to capital	–	(83)
Income deficit transfer to capital*	2,747	–
Net distributions for the year	6,262	3,337

* The A Accumulation class was in a deficit position when terminated.

Details of the distribution per share are set out on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Sales awaiting settlement	4,579	1,620
Accrued revenue	367	316
Withholding tax recoverable	558	1,362
Total debtors	5,504	3,298

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	9,972	7,926
Total cash and bank balances	9,972	7,926

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Purchases awaiting settlement	–	2,044
Accrued expenses	303	556
Total other creditors	303	2,600

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation
Opening shares at 01/09/17	267,726,727	169,096
Shares issued	23,273,495	53,958,307
Shares cancelled	(45,561,430)	(19,752,183)
Shares converted	(245,438,792)	200,879,190
Closing shares at 31/08/18	–	235,254,410

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £273,000 (31/08/17: £524,000).

At the year end, 31 August 2018, 99.89% (31/08/17: 99.89%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £20,000 (Gross: £100,000) (31/08/17: £4,000 (Gross: £20,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £25,186,000 (31/08/17: £21,737,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	23,924	10,747
Bonds	2,954	11,487

The aggregate value of collateral held at the balance sheet date was £26,878,000 (31/08/17: £22,234,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Credit Suisse Securities (Europe) Limited, Morgan Stanley & Co International, Bank of Nova Scotia and Natixis.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 17. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	4,256	6,604
Danish krone	262	12,133
Euro	372,522	366,806
Norwegian krone	20,074	8,770
Polish zloty	4	4
Swedish krona	5,531	9
Swiss franc	55,244	36,576
Turkish lira	8	15
US dollar	8	8
Total	457,909	430,925

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £45,365,000 (31/08/17: £42,432,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £45,365,000 (31/08/17: £42,432,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £44,274,000 (31/08/17: £42,230,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £44,274,000 (31/08/17: £42,230,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £9,972,000 (31/08/17: £7,926,000) which earn interest by reference to LIBOR or international equivalent.

Interest risk is considered insignificant so no sensitivity analysis is required (31/08/17: same).

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	272,788	117	0.04	256	0.09	48	0.02	273,209
Corporate actions	1,230	–	–	–	–	–	–	1,230
Total	274,018	117		256		48		274,439

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	246,527	236	0.10	–	–	–	–	246,291
Total	246,527	236		–		–		246,291

Commissions, taxes and fees as % of average net assets

Commissions 0.05%

Taxes 0.04%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	311,957	257	0.08	355	0.11	39	0.01	312,608
Corporate actions	1,151	–	–	–	–	–	–	1,151
Total	313,108	257		355		39		313,759

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	224,053	276	0.12	–	–	–	–	223,777
Total	224,053	276		–		–		223,777

Commissions, taxes and fees as % of average net assets

Commissions 0.16%

Taxes 0.11%

Other expenses 0.01%

At the balance sheet date the portfolio dealing spread was 0.08% (31/08/17: 0.09%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	442,736	–	–	442,736
Total	442,736	–	–	442,736

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	422,301	–	–	422,301
Total	422,301	–	–	422,301

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Accumulation				
There was no distribution for the A Accumulation shares for the period ended 28 February 2018 as the share class was terminated (28/02/17: same).				
Class M Accumulation				
Group 1	0.1971	–	0.1971	–
Group 2	0.1874	0.0097	0.1971	–

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 30/10/17
Class A Accumulation				
Group 1	–	–	–	1.3741
Group 2	–	–	–	1.3741
There was no distribution for the A Accumulation shares for the year ended 31 August 2018 as the share class was terminated.				
Class M Accumulation				
Group 1	2.8160	–	2.8160	2.7393
Group 2	1.3350	1.4810	2.8160	2.7393

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Mid Cap Growth Fund, Class M Accumulation	11.59	33.35	72.13
Royal London UK Mid Cap Growth Fund, Class Z Accumulation	11.76	33.98	–

Class Z Accumulation launched 6 May 2014.

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was substantially ahead of its benchmark index, the FTSE® 250 Index ex-IT (7.98%), and the broader UK equity market (the FTSE® All-Share Index returned 5.68%) during the 12-month period under review. The Fund also outperformed its peer group and was ranked in the first quartile. Security selection was the key contributor to performance.

Market and Portfolio Commentary

The global macroeconomic environment was supportive for corporate earnings during the 12-month period, and forward looking indicators remain broadly positive. Conditions in the UK have been mixed by comparison, although the economy continued to expand and the labour market remained tight. While some sectors have faced headwinds, there have been opportunities for well managed businesses to grow earnings domestically as well as internationally. The latest earnings season demonstrated this, and the general tone of the meetings we have held with corporate management teams has been one of confidence, while acknowledging current geopolitical risks.

More recently, the UK economy benefited from increased consumer spending during the warm summer months and the World Cup. Nevertheless, the UK consumer has been under pressure, and the Fund has avoided deploying more capital into the challenged high street or oversupplied restaurant sector. Elsewhere, US trade tariffs, energy prices and foreign exchange rates have contributed to a trend of higher input costs for corporate sectors. Combined with the US Federal Reserve's gradual interest rate rises, these factors have caused stock market volatility. However, monetary policy in the eurozone remains accommodative, weak sterling has benefited UK exporters, and a stronger dollar will provide a tailwind for many of our holdings with international revenues. In fact, approximately half of the earnings of the Fund's holdings are generated outside the UK. Furthermore, balance sheets remain conservative and the cost of debt has remained low; this has created a positive environment for merger and acquisition activity, as well as investment to fuel organic growth.

The allocations to Dechra Pharmaceuticals, Aveva Group and Fidessa made significant contributions to Fund performance during the review period. Dechra Pharmaceuticals, which makes veterinary medicines, recorded impressive sales growth in existing and recently launched companion animal products, particularly in North America. It also announced the acquisitions of AST Farma and Le Vet, which bolstered its position in the European market. These acquisitions not only improved Dechra Pharmaceuticals' product pipeline, but also drove increased margins and profitability. Software companies Aveva Group and Fidessa were the beneficiaries of merger and acquisition activity; Aveva Group, which has developed computer aided design technology for use in the oil, gas and power plant markets, rose sharply in September on agreeing to merge with a unit of Schneider Electric. There is industrial logic to this tie-up, with Aveva shareholders benefiting from an increased presence in the US and from Schneider's greater presence in the owner operator space. A greater proportion of recurring revenues and 30% operating margins are also targeted. Fidessa's share price surged in February as the company became the subject of a takeover bid that prompted interest from other potential buyers. Fidessa was eventually acquired by Ion at a significant premium to the undisturbed share price.

Sanne and Dignity detracted from returns. Sanne's share price fell in February as the provider of alternative asset and corporate administration services said currency movements were adversely affecting its results, and again in April as company employees sold shares amounting to a 2.5% stake. The Fund used this share price weakness to add to its position. Dignity, the UK's only publicly traded provider of funeral services, was hampered by intensified competition and aggressive pricing from the low cost providers in the market. The Fund exited the position on the first news of this.

New holdings in the Fund included JD Sports Fashion, B&M European Value Retail and Countryside Properties. JD Sports Fashion is a global specialist in 'athleisure' retail with entrepreneurial management and excellent relationships with the dominant industry suppliers, Nike and Adidas. The company recently acquired Finish Line in the US and hopes to drive material synergies as a result. B&M European Value Retail, the discount retailer, is growing organic earnings quickly, predominantly through a self-funded rollout of UK stores. It is also taking market share from independents and traditional retailers, and has an opportunity to replicate its success in Germany with 'Jawoll'. Countryside Properties is a real estate developer with excellent Local Authority relationships and a long term, visible pipeline of affordable housing and PRS (Private Rental Sector) development units/sites. The Fund sold its holdings in Zoopla Property and Fidessa following successful bids (the former was acquired by Silver Lake). The Fund also sold DFS Furniture (reducing exposure to large ticket consumer items), Domino's Pizza (following strong share price performance, on concerns about increased competition and capital allocation) and Esure (pricing pressure in the motor insurance industry).

MANAGER'S INVESTMENT REPORT (CONTINUED)

Investment Outlook

We expect further stock market volatility associated with the Brexit headlines, but we think that an accommodative monetary policy in Europe is likely to remain. Many of the companies in our universe remain well placed for progress over the next year. We do not try and take 'sector' or 'market' bets, but focus on bottom-up stock selection with an emphasis on investing (not trading) in companies with structural profit drivers operating in markets experiencing growth. We have never sought to predict the 'cycle' and therefore avoid the more cyclical end of the UK market, but try to find innovative companies where good management can improve margins and take market share.

The Fund aims to achieve capital growth over the long term (three to five years), targeting a minimum weighting of 85% to be invested in companies in the FTSE® 250 ex-IT Index and typically holding 40 to 60 positions. We seek out medium sized businesses that we believe can grow their profits and cashflow sustainably faster than the market and can ultimately become large companies. We focus our efforts on investing in cash generative businesses with strong balance sheets, structural earnings growth opportunities and valuation optionality.

Henry Lowson
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Henry Lowson started managing the Fund on 2 January 2018. The previous Fund Manager was Derek Mitchell.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	375.63	318.15	321.56
Return before operating charges*	21.94	62.56	1.10
Operating charges	(2.26)	(5.08)	(4.51)
Return after operating charges*	19.68	57.48	(3.41)
Distributions on accumulation shares	–	(3.43)	(4.17)
Retained distributions on accumulation shares	–	3.43	4.17
Cancellation price	(395.31)	–	–
Closing net asset value per share	–	375.63	318.15
* after direct transaction costs of:	0.44	0.67	0.71
Performance			
Return after charges	5.24%	18.07%	(1.06)%
Other information			
Closing net asset value (£'000)	–	280,643	239,526
Closing number of shares	–	74,713,421	75,287,495
Operating charges	–	1.49%	1.45%
Direct transaction costs	0.11%	0.19%	0.23%
Prices[^]			
Highest share price	403.40	378.40	330.60
Lowest share price	373.30	305.00	276.40

** From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	396.40	333.41	334.63
Return before operating charges*	45.74	65.80	1.21
Operating charges	(3.16)	(2.81)	(2.43)
Return after operating charges*	42.58	62.99	(1.22)
Distributions on accumulation shares	(6.97)	(6.12)	(6.64)
Retained distributions on accumulation shares	6.97	6.12	6.64
Closing net asset value per share	438.98	396.40	333.41
* after direct transaction costs of:	0.48	0.70	0.74
Performance			
Return after charges	10.74%	18.89%	(0.36)%
Other information			
Closing net asset value (£'000)	382,730	74,155	81,051
Closing number of shares	87,185,521	18,707,057	24,309,772
Operating charges	0.75%	0.79%	0.75%
Direct transaction costs	0.11%	0.19%	0.23%
Prices[^]			
Highest share price	444.30	399.20	344.60
Lowest share price	389.60	320.10	289.30

COMPARATIVE TABLES (CONTINUED)

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	137.31	115.32	115.57
Return before operating charges*	15.84	22.78	0.42
Operating charges	(0.86)	(0.79)	(0.67)
Return after operating charges*	14.98	21.99	(0.25)
Distributions on accumulation shares	(2.63)	(2.31)	(2.46)
Retained distributions on accumulation shares	2.63	2.31	2.46
Closing net asset value per share	152.29	137.31	115.32
* after direct transaction costs of:	0.16	0.24	0.26
Performance			
Return after charges	10.91%	19.07%	(0.22)%
Other information			
Closing net asset value (£'000)	39,465	45,144	40,584
Closing number of shares	25,913,366	32,877,613	35,192,259
Operating charges	0.60%	0.64%	0.60%
Direct transaction costs	0.11%	0.19%	0.23%
Prices[^]			
Highest share price	154.10	138.30	119.07
Lowest share price	135.00	110.70	100.05

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 96.65% (31/08/17 – 97.83%)			
Oil & Gas – 1.73% (31/08/17 – 1.50%)			
Oil & Gas Producers – 1.73%			
3,130,000	Tullow Oil	7,290	1.73
Total Oil & Gas		7,290	1.73
Basic Materials – 3.33% (31/08/17 – 2.48%)			
Chemicals – 3.33%			
2,405,332	Elementis	6,138	1.45
1,400,164	Synthomer	7,925	1.88
Total Basic Materials		14,063	3.33
Industrials – 32.72% (31/08/17 – 31.42%)			
Aerospace & Defence – 3.54%			
2,400,000	Senior	7,637	1.81
455,338	Ultra Electronics	7,304	1.73
Construction & Materials – 1.02%			
1,750,000	Ibstock	4,294	1.02
General Industrials – 6.58%			
11,100,000	Coats Group	9,224	2.18
1,260,000	RPC Group	8,999	2.13
1,940,909	Smith (DS)	9,588	2.27
Industrial Engineering – 9.34%			
1,109,000	Bodycote	10,519	2.49
665,000	IMI	8,026	1.90
4,540,000	Melrose Industries	10,115	2.40
151,000	Spirax-Sarco Engineering	10,759	2.55
Industrial Transportation – 4.65%			
3,680,000	BBA Aviation	11,379	2.70
460,000	Fisher (James) & Sons	8,252	1.95
Support Services – 7.59%			
4,290,000	BCA Marketplace	10,124	2.40
480,000	Diploma	6,989	1.66
1,400,000	Essentra	6,224	1.47
2,675,000	Rentokil Initial	8,694	2.06
Total Industrials		138,127	32.72
Consumer Goods – 8.60% (31/08/17 – 8.38%)			
Food Producers – 3.66%			
280,000	Cranswick	9,038	2.14
1,000,004	Dairy Crest	4,750	1.12
973,455	Greencore Group	1,694	0.40
Household Goods – 4.94%			
220,000	Bellway	6,420	1.52
2,500,000	Countryside Properties	8,405	1.99
716,616	Victoria	6,020	1.43
Total Consumer Goods		36,327	8.60
Healthcare – 8.93% (31/08/17 – 8.34%)			
Pharmaceuticals & Biotechnology – 8.93%			
950,000	BTG	5,163	1.22
885,000	Clinigen	8,828	2.09
470,000	Dechra Pharmaceuticals	14,655	3.47
318,000	Genus	9,057	2.15
Total Healthcare		37,703	8.93

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 18.54% (31/08/17 – 18.01%)			
Food & Drug Retailers – 1.48%			
850,000	UDG Healthcare	6,252	1.48
General Retailers – 5.97%			
2,050,000	B&M European Value Retail	8,454	2.00
70,702	CVS	646	0.15
762,300	Dunelm	3,964	0.94
1,365,000	JD Sports Fashion	6,929	1.64
4,132,827	Saga	5,232	1.24
Media – 2.45%			
2,396,150	Ascential	10,318	2.45
Travel & Leisure – 8.64%			
3,480,000	Cineworld	10,788	2.56
3,250,000	Ei Group	5,070	1.20
1,243,708	On The Beach	6,517	1.54
2,032,258	SSP	14,110	3.34
Total Consumer Services		78,280	18.54
Financials – 18.49% (31/08/17 – 19.23%)			
Financial Services – 8.75%			
1,765,000	Brewin Dolphin	6,400	1.52
505,000	Close Brothers	8,060	1.91
820,000	Intermediate Capital	8,602	2.04
1,557,444	Paragon Banking	7,239	1.71
1,081,176	Sanne	6,649	1.57
Non-Life Insurance – 1.60%			
1,110,000	Lancashire	6,743	1.60
Real Estate Investment Services – 4.05%			
2,875,000	Grainger	8,815	2.09
2,100,000	St Modwen Properties	8,270	1.96
Real Estate Investment Trusts – 4.09%			
910,000	Shaftesbury	8,399	1.99
1,000,000	Unite Group	8,865	2.10
Total Financials		78,042	18.49
Technology – 4.31% (31/08/17 – 8.47%)			
Software & Computer Services – 4.31%			
340,000	Aveva Group	9,649	2.29
73,584	FDM	694	0.16
1,500,000	Sophos	7,867	1.86
Total Technology		18,210	4.31
Total value of investments		408,042	96.65
Net other assets		14,153	3.35
Total net assets		422,195	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
Countryside Properties	8,561
B&M European Value Retail	8,369
St Modwen Properties	7,850
Essentra	6,763
Elementis	6,758
On The Beach	6,588
Just Group	6,449
Victoria	5,606
Diploma	5,520
JD Sports Fashion	5,317
Subtotal	67,781
Total cost of purchases, including the above, for the year	124,161

Significant Sales

	Proceeds £'000
Zoopla Property	11,089
Fidessa	10,573
Sophos	9,781
Esure	7,650
Domino's Pizza	7,640
Dechra Pharmaceuticals	6,624
Aldermore	6,311
Paysafe	5,561
Greencore Group	5,366
Howdens Joinery	4,488
Subtotal	75,083
Total proceeds from sales, including the above, for the year	139,854

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		35,011	61,748
Revenue	3	9,806		9,742
Expenses	4	(3,788)		(4,762)
Net revenue before taxation		6,018		4,980
Taxation	5	(13)		–
Net revenue after taxation			6,005	4,980
Total return before distributions			41,016	66,728
Distributions	6		(6,823)	(4,904)
Change in net assets attributable to shareholders from investment activities			34,193	61,824

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		399,942	361,161
Amounts receivable on creation of shares	10,793		15,802
Amounts payable on cancellation of shares	(29,491)		(43,313)
		(18,698)	(27,511)
Change in net assets attributable to shareholders from investment activities		34,193	61,824
Retained distribution on accumulation shares		6,758	4,468
Closing net assets attributable to shareholders		422,195	399,942

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		408,042	391,258
Current assets:			
Debtors	7	2,193	1,343
Cash and bank balances	8	13,109	9,520
Total assets		423,344	402,121
LIABILITIES			
Creditors:			
Other creditors	9	1,149	2,179
Total liabilities		1,149	2,179
Net assets attributable to shareholders		422,195	399,942

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	35,014	61,751
Activity fees	(3)	(3)
Net capital gains	35,011	61,748

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	8,845	9,037
Overseas dividends	539	311
Property investment income (PID)	348	196
Bank interest	29	3
Stock lending income	45	115
Stock dividends	–	80
Total revenue	9,806	9,742

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	3,603	4,434
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	46	43
Safe custody fees	6	6
	52	49
Other expenses:		
Registrar's fees	118	264
Audit fee	10	10
Printing & stationery fee	3	3
Professional fee	–	1
Legal fees	2	1
	133	279
Total expenses	3,788	4,762

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	13	–
Current tax charge for the year	13	–

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	6,018	4,980
Corporation tax at 20% (31/08/17: 20%)	1,204	996
Effects of:		
Revenue not subject to taxation	(1,877)	(1,885)
Current year management expenses not utilised	673	889
Irrecoverable overseas tax	13	–
Current tax charge for the year	13	–

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £4,688,000 (31/08/17: £4,015,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Final	6,758	4,468
	6,758	4,468
Add: Amounts deducted on cancellation of shares	171	525
Deduct: Amounts received on the creation of shares	(106)	(89)
Net distributions for the year	6,823	4,904

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

Net revenue after taxation	6,005	4,980
Equalisation on share class conversion	818	4
Stock dividend charged to capital	–	(80)
Net distributions for the year	6,823	4,904

Details of the distribution per share are set out on page 39.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	14	–
Sales awaiting settlement	1,477	416
Accrued revenue	702	927
Total debtors	2,193	1,343

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	13,109	9,520
Total cash and bank balances	13,109	9,520

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	174	836
Purchases awaiting settlement	673	874
Accrued expenses	302	469
Total other creditors	1,149	2,179

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation	Class Z Accumulation
Opening shares at 01/09/17	74,713,421	18,707,057	32,877,613
Shares issued	12,817	1,092,646	4,267,634
Shares cancelled	(58,372)	(3,170,169)	(11,231,881)
Shares converted	(74,667,866)	70,555,987	–
Closing shares at 31/08/18	–	87,185,521	25,913,366

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £404,000 (31/08/17: £1,235,000).

At the year end, 31 August 2018, 63.24% (31/08/17: 58.61%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £11,000 (Gross: £56,000) (31/08/17: £28,000 (Gross: £143,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £28,706,000 (31/08/17: £47,993,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	22,364	34,230
Bonds	7,862	16,322

The aggregate value of collateral held at the balance sheet date was £30,226,000 (31/08/17: £50,552,000) Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, Goldman Sachs International, HSBC Bank, JP Morgan Securities, Natixis and Santander.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 32. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	422,153	399,907
US dollar	42	35
Total	422,195	399,942

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £4,000 (31/08/17: £3,000) If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £4,000 (31/08/17: £3,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £40,804,000 (31/08/17: £39,126,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £40,804,000 (31/08/17: £39,126,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £13,109,000 (31/08/17: £9,520,000) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	117,824	85	0.07	437	0.37	26	0.02	118,372
Corporate actions	5,789	–	–	–	–	–	–	5,789
Total	123,613	85		437		26		124,161

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	139,963	109	0.08	–	–	–	–	139,854
Total	139,963	109		–		–		139,854

Commissions, taxes and fees as % of average net assets

Commissions 0.03%

Taxes 0.08%

Other expenses 0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	98,740	141	0.14	400	0.41	41	0.04	99,322
Corporate actions	6,104	–	–	–	–	–	–	6,104
Total	104,844	141		400		41		105,426

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	117,809	171	0.15	–	–	–	–	117,638
Corporate actions	11,154	–	–	–	–	–	–	11,154
Total	128,963	171		–		–		128,792

Commissions, taxes and fees as % of average net assets

Commissions 0.08%

Taxes 0.10%

Other expenses 0.01%

At the balance sheet date the portfolio dealing spread was 0.11% (31/08/17: 0.13%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	408,042	–	–	408,042
Total	408,042	–	–	408,042

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	391,258	–	–	391,258
Total	391,258	–	–	391,258

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FINAL

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation*				
Group 1	–	–	–	3.4316
Group 2	–	–	–	3.4316
Class M Accumulation				
Group 1	6.9696	–	6.9696	6.1239
Group 2	3.4007	3.5689	6.9696	6.1239
Class Z Accumulation				
Group 1	2.6310	–	2.6310	2.3070
Group 2	1.2918	1.3392	2.6310	2.3070

* From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Opportunities Fund, Class M Accumulation	7.85	23.29	41.77

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was ahead of the wider UK equity market during the 12-month period under review, using the FTSE® All-Share Index as a guide. Security selection contributed to this performance.

Market and Portfolio Commentary

UK and global economic growth was generally supportive for equities during the term under review. In the UK, a strong labour market and weak productivity resulted in expansion that was broadly steady, but relatively sluggish. The Bank of England (BoE) raised its benchmark interest rate twice, judging that the UK economy had a limited degree of slack; elsewhere, the US Federal Reserve continued its programme of gradual rate rises, and central banks in other countries were in no hurry to tighten policy. Sterling strengthened during the period as a whole, posting its largest monthly gain in almost a year in September as the BoE gave an unusually strong steer of impending policy tightening; the currency weakened during the summer of 2018 amid mounting concern about a 'no deal' Brexit as the deadline for negotiations drew closer.

Holdings of GKN, Dechra Pharmaceuticals, Croda International and Ashtead Group made prominent contributions to performance. Industrial company GKN was the subject of a takeover bid in January from Melrose Industries that resulted in a prolonged battle, even prompting some politicians to urge government intervention. Shares of GKN rose by almost half before Melrose succeeded in acquiring the company. Dechra Pharmaceuticals makes veterinary medicines and recorded strong growth in sales after introducing new products, while takeovers that bolstered its position in the European market and extended its activities into New Zealand were received positively by investors. Croda International, the specialty chemicals company, once again proved to be a major contributor to performance as the shares re-rated on a higher earnings number. Ashtead, which rents out construction and industrial equipment, continued to benefit from steady demand in the US, its main market, and from acquisitions that increased its scale. The company also got a boost from hurricanes that struck the US in 2017, requiring both immediate clean-up and a subsequent rebuilding effort.

RPC Group, Greencore Group and Saga detracted from returns. RPC, which makes plastic packaging, performed poorly during the review period even while reporting continued positive development of its business, supported by both organic growth and acquisitions. Against a backdrop of negative media commentary on packaging waste in recent months, it is pleasing to note that RPC is taking steps to reduce the environmental impact of its products, such as using 'green' plastic derived from sugar cane, rather than fossil fuel-based materials. Shares of Greencore slumped in the first quarter of 2018 as the producer of convenience foods issued a profit warning stemming from costs for a reorganisation in the US; the stock subsequently rebounded as interim results showed a generally positive performance in the underlying business, with solid growth in organic revenue. Saga issued a profit warning in December, taking the market by surprise. Thankfully we were in the process of selling our position and had exited three quarters of our holding prior to the warning, but nevertheless, this proved detrimental to performance.

Fund activity included initiating positions in On the Beach Group, Clipper Logistics and JD Sports Fashion, whilst Ultra Electronics, DFS Furniture and Hurricane Energy were among holdings that were sold. The Fund increased allocations to RPC and Dechra Pharmaceuticals, and reduced exposures to Glencore and BP.

The Fund aims to achieve capital growth by investing across the entire UK equity market and typically holds 30 to 40 stocks, based on the manager's 'best ideas'. The manager seeks to identify companies whose market value is below their long-term worth and which, he believes, have the ability to provide strong returns for shareholders. Additionally, the manager is not afraid to buy into these businesses when they are out of favour due to short-term uncertainties.

Investment Outlook

We expect the BoE to leave rates on hold until 2019. We anticipate more of a Brexit impact on economic data in 2018's second half, assuming that more companies 'press pause' on investment decisions. But monetary policy looks set to remain supportive, alongside a marginal ease in the fiscal policy stance. Our base case for Brexit is that a withdrawal agreement will be reached and ratified by March 2019 or soon after.

Craig Yeaman
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Craig Yeaman started managing the Fund on 2 January 2018. The previous Fund Manager was Derek Mitchell.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	177.08	163.60	158.22
Return before operating charges*	9.47	15.91	7.59
Operating charges	(1.03)	(2.43)	(2.21)
Return after operating charges*	8.44	13.48	5.38
Distributions on accumulation shares	–	(3.55)	(3.20)
Retained distributions on accumulation shares	–	3.55	3.20
Cancellation price	(185.52)	–	–
Closing net asset value per share	–	177.08	163.60
* after direct transaction costs of:	0.35	0.27	0.36
Performance			
Return after charges	4.77%	8.24%	3.40%
Other information			
Closing net asset value (£'000)	–	715,976	659,728
Closing number of shares	–	404,325,738	403,248,917
Operating charges	–	1.42%	1.42%
Direct transaction costs	0.19%	0.16%	0.23%
Prices[^]			
Highest share price	189.60	182.50	166.20
Lowest share price	174.20	157.00	138.90

** From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	186.51	171.13	164.34
Return before operating charges*	14.36	16.67	7.95
Operating charges	(1.39)	(1.29)	(1.16)
Return after operating charges*	12.97	15.38	6.79
Distributions on accumulation shares	(4.09)	(4.99)	(4.48)
Retained distributions on accumulation shares	4.09	4.99	4.48
Closing net asset value per share	199.48	186.51	171.13
* after direct transaction costs of:	0.38	0.28	0.38
Performance			
Return after charges	6.95%	8.99%	4.13%
Other information			
Closing net asset value (£'000)	788,285	11,265	14,109
Closing number of shares	395,163,121	6,039,776	8,244,608
Operating charges	0.72%	0.72%	0.72%
Direct transaction costs	0.19%	0.16%	0.23%
Prices[^]			
Highest share price	206.50	191.90	173.80
Lowest share price	178.80	164.40	144.70

COMPARATIVE TABLES (CONTINUED)

Class M Income

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	137.42	129.53	127.78
Return before operating charges*	7.36	12.63	6.14
Operating charges	(0.41)	(0.97)	(0.92)
Return after operating charges*	6.95	11.66	5.22
Distributions on income shares	–	(3.77)	(3.47)
Cancellation price	(144.37)	–	–
Closing net asset value per share	-	137.42	129.53
* after direct transaction costs of:	0.27	0.21	0.29
Performance			
Return after charges	5.06%	9.00%	4.09%
Other information			
Closing net asset value (£'000)	–	115	302
Closing number of shares	–	83,311	233,148
Operating charges	–	0.72%	0.72%
Direct transaction costs	0.19%	0.16%	0.23%
Prices[^]			
Highest share price	147.50	145.20	135.10
Lowest share price	135.20	124.50	112.50

** From 25 January 2018 shareholders in Class M Income converted into Class M Accumulation.

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 97.63% (31/08/17 – 97.26%)			
Oil & Gas – 5.91% (31/08/17 – 9.94%)			
Oil Equipment & Services – 3.00%			
3,295,000	John Wood	23,678	3.00
Oil & Gas Producers – 2.91%			
4,194,000	BP	22,954	2.91
Total Oil & Gas		46,632	5.91
Basic Materials – 13.57% (31/08/17 – 9.90%)			
Chemicals – 8.41%			
349,000	Croda International	17,785	2.26
4,697,000	Synthomer	26,585	3.37
692,050	Victrex	21,924	2.78
Mining – 5.16%			
3,659,000	Glencore	11,473	1.46
798,000	Rio Tinto	29,199	3.70
Total Basic Materials		106,966	13.57
Industrials – 37.70% (31/08/17 – 22.40%)			
Construction & Materials – 4.85%			
2,720,000	MJ Gleeson	19,094	2.42
5,691,855	Tyman	19,153	2.43
General Industrials – 12.14%			
18,080,011	Melrose Industries	40,282	5.11
3,108,616	RPC Group	22,202	2.82
6,724,090	Smith (DS)	33,217	4.21
Industrial Engineering – 2.42%			
1,800,000	Hill & Smith	19,080	2.42
Industrial Transportation – 3.68%			
5,477,000	BBA Aviation	16,935	2.15
3,825,025	Clipper Logistics	12,087	1.53
Support Services – 14.61%			
1,300,000	Ashtead Group	30,706	3.90
8,792,000	BCA Marketplace	20,749	2.63
432,500	DCC	30,080	3.82
5,391,000	Rentokil Initial	17,521	2.22
3,140,000	Restore	16,077	2.04
Total Industrials		297,183	37.70
Consumer Goods – 11.42% (31/08/17 – 7.09%)			
Automobiles & Parts – 1.22%			
3,340,000	TI Fluid Systems	9,606	1.22
Food Producers – 2.23%			
10,120,000	Greencore Group	17,609	2.23
Household Goods – 5.08%			
591,000	Berkeley	21,530	2.73
2,209,799	Victoria	18,562	2.35
Tobacco – 2.89%			
829,000	Imperial Brands	22,748	2.89
Total Consumer Goods		90,055	11.42

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Healthcare – 2.20% (31/08/17 – 13.01%)			
Pharmaceuticals & Biotechnology – 2.20%			
555,966	Dechra Pharmaceuticals	17,335	2.20
Total Healthcare		17,335	2.20
Consumer Services – 12.03% (31/08/17 – 8.65%)			
General Retailers – 4.89%			
3,936,000	B&M European Value Retail	16,232	2.06
4,396,000	JD Sports Fashion	22,314	2.83
Media – 4.82%			
9,519,000	ITV	15,288	1.94
1,329,000	RELX	22,706	2.88
Travel & Leisure – 2.32%			
3,485,000	On The Beach	18,261	2.32
Total Consumer Services		94,801	12.03
Telecommunications – 0.00% (31/08/17 – 1.40%)			
Financials – 14.80% (31/08/17 – 22.49%)			
Banks – 3.49%			
46,350,000	Lloyds Banking Group	27,481	3.49
Life Insurance – 6.30%			
1,944,000	Prudential	33,728	4.28
1,405,000	St James's Place Capital	15,898	2.02
Financial Services – 5.01%			
5,204,000	Charter Court Financial Services	18,641	2.36
1,990,000	Intermediate Capital Group	20,875	2.65
Total Financials		116,623	14.80
Technology – 0.00% (31/08/17 – 2.38%)			
Total value of investments		769,595	97.63
Net other assets		18,690	2.37
Total net assets		788,285	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
RPC Group	27,988
GKN	27,610
Hill & Smith	22,828
Berkeley	21,973
John Wood	21,914
MJ Gleeson	20,216
Tyman	19,405
On The Beach	19,227
Victrex	17,504
Victoria	17,210
Subtotal	215,875
Total cost of purchases, including the above, for the year	406,290

Significant Sales

	Proceeds £'000
Royal Dutch Shell 'B'	40,107
Smith & Nephew	29,464
Barclays	28,752
Shire	26,448
AstraZeneca	19,035
GlaxoSmithKline	18,960
Sage	17,441
Melrose Industries	17,074
Aviva	16,625
BP	15,199
Subtotal	229,105
Total proceeds from sales, including the above, for the year	378,419

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		34,387	40,956
Revenue	3	21,366		24,584
Expenses	4	(7,446)		(9,912)
Net revenue before taxation		13,920		14,672
Taxation	5	(21)		–
Net revenue after taxation			13,899	14,672
Total return before distributions			48,286	55,628
Distributions	6		(15,956)	(14,672)
Change in net assets attributable to shareholders from investment activities			32,330	40,956

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		727,356	674,139
Amounts receivable on creation of shares	14,391		4,088
Amounts payable on cancellation of shares	(1,939)		(6,483)
		12,452	(2,395)
Change in net assets attributable to shareholders from investment activities		32,330	40,956
Retained distribution on accumulation shares		16,147	14,656
Closing net assets attributable to shareholders		788,285	727,356

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		769,595	707,404
Current assets:			
Debtors	7	6,074	6,721
Cash and bank balances	8	14,881	18,045
Total assets		790,550	732,170
LIABILITIES			
Creditors:			
Distribution payable		–	3
Other creditors	9	2,265	4,811
Total liabilities		2,265	4,814
Net assets attributable to shareholders		788,285	727,356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	34,392	40,954
Currency (losses)/gains	(2)	3
Activity fees	(3)	(1)
Net capital gains	34,387	40,956

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	19,764	23,665
Overseas dividends	1,538	898
Bank interest	36	8
Stock lending income	28	13
Total revenue	21,366	24,584

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	7,329	9,802
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	66	62
Safe custody fees	12	11
	78	73
Other expenses:		
Registrar's fees	24	21
Audit fee	10	11
Printing & stationery fee	3	3
Legal fee	2	2
	39	37
Total expenses	7,446	9,912

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	21	–
Current tax charge for the year	21	–

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	13,920	14,672
Corporation tax at 20% (31/08/17: 20%)	2,784	2,934
Effects of:		
Revenue not subject to taxation	(4,260)	(4,912)
Current year expenses not utilised	1,476	1,978
Irrecoverable overseas tax	21	–
Current tax charge for the year	21	–

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £14,199,000 (31/08/17: £12,723,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Final	16,147	14,656
	16,147	14,656
Income shares		
Final	–	3
	–	3
	16,147	14,659
Add: Amounts deducted on cancellation of shares	11	31
Deduct: Amounts received on the creation of shares	(202)	(18)
Net distributions for the year	15,956	14,672

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

Net revenue after taxation	13,899	14,672
Equalisation on conversions	2,057	–
Net distributions for the year	15,956	14,672

Details of the distribution per share are set out on page 53.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	171	–
Sales awaiting settlement	1,790	2,064
Accrued revenue	4,113	4,657
Total debtors	6,074	6,721

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	14,881	18,045
Total cash and bank balances	14,881	18,045

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	–	3
Purchases awaiting settlement	1,763	3,916
Accrued expenses	502	892
Total other creditors	2,265	4,811

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation	Class M Income
Opening shares at 01/09/17	404,325,738	6,039,776	83,311
Shares issued	304,893	6,980,800	6,892
Shares cancelled	(491,642)	(542,806)	(8,716)
Shares converted	(404,138,989)	382,685,351	(81,487)
Closing shares at 31/08/18	–	395,163,121	–

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £298,000 (31/08/17: £859,000).

At the year end, 31 August 2018, 97.33% (31/08/17: 98.41%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £7,079 (Gross: £35,394) (31/08/17: £3,308 (Gross: £16,541)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £52,753,000 (31/08/17: £16,939,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	55,056	17,658
Bonds	1,536	202

The aggregate value of collateral held at the balance sheet date was £56,592,000 (31/08/17: £17,860,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were ABN Amro Bank, Bank of Nova Scotia, Citigroup, Goldman Sachs International, JP Morgan Securities and Santander.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 46. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

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

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	787,500	725,792
Euro	116	26
US dollar	669	1,538
Total	788,285	727,356

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £79,000 (31/08/17: £156,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £79,000 (31/08/17: £156,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £76,960,000 (31/08/17: £70,740,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £76,960,000 (31/08/17: £70,740,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £14,881,000 (31/08/17: £18,045,000) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	399,252	310	0.08	1,668	0.42	58	0.01	401,288
Corporate actions	5,002	–	–	–	–	–	–	5,002
Total	404,254	310		1,668		58		406,290

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	371,806	285	0.08	–	–	–	–	371,521
Corporate actions	6,898	–	–	–	–	–	–	6,898
Total	378,704	285		–		–		378,419

Commissions, taxes and fees as % of average net assets

Commissions 0.05%

Taxes 0.14%

Other expenses 0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	146,428	201	0.14	693	0.47	22	0.02	147,344
Total	146,428	201		693		22		147,344

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	132,424	193	0.15	–	–	–	–	132,231
Total	132,424	193		–		–		132,231

Commissions, taxes and fees as % of average net assets

Commissions 0.06%

Taxes 0.10%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.23% (31/08/17: 0.11%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	769,595	–	–	769,595
Total	769,595	–	–	769,595

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	707,404	–	–	707,404
Total	707,404	–	–	707,404

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FINAL

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation*				
Group 1	–	–	–	3.5502
Group 2	–	–	–	3.5502
Class M Accumulation				
Group 1	4.0861	–	4.0861	4.9897
Group 2	1.5955	2.4906	4.0861	4.9897
Class M Income*				
Group 1	–	–	–	3.7746
Group 2	–	–	–	3.7746

* From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year return %	3 year return %	5 year return %
Royal London Japan Tracker Fund, Class Z Accumulation (Total return)	8.62	50.15	77.23
FTSE® Japan Index (Capital return)	6.28	44.31	62.92

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This and the charges associated with the Fund account for the majority of the difference between the performance of the Fund and the FTSE® Japan Index.

The tracking error between the Royal London Japan Tracker Fund and the FTSE® Japan Index was 0.20% during the period under review. This is within the anticipated tracking error range of 0.20% to 0.30%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs and the use of index futures to manage cashflows.

Market and Portfolio Commentary

The Fund aims to achieve the capital return of the FTSE® Japan Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Nils Jungbacke
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Nils Jungbacke started managing the Fund on 4 January 2018. The previous Fund Manager was Vicky Harriss.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLE

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	238.78	204.82	169.32
Return before operating charges*	19.92	34.52	35.94
Operating charges	(0.60)	(0.56)	(0.44)
Return after operating charges*	19.32	33.96	35.50
Distributions on accumulation shares	(4.11)	(3.72)	(3.02)
Retained distributions on accumulation shares	4.11	3.72	3.02
Closing net asset value per share	258.10	238.78	204.82
* after direct transaction costs of:	0.01	0.02	0.02
Performance			
Return after charges	8.09%	16.58%	20.97%
Other information			
Closing net asset value (£'000)	1,236,221	1,279,004	971,302
Closing number of shares	478,966,129	535,646,532	474,231,118
Operating charges	0.24%	0.25%	0.25%
Direct transaction costs	0.00%	0.01%	0.01%
Prices[^]			
Highest share price	266.20	240.90	209.70
Lowest share price	227.60	200.10	151.00

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 99.05% (31/08/17 – 98.85%)			
Oil & Gas – 1.20% (31/08/17 – 0.88%)			
Oil & Gas Producers – 1.20%			
27,500	Cosmo Energy	780	0.06
60,100	Idemitsu Kosan	2,335	0.19
378,100	Inpex	3,186	0.26
13,100	Japan Petroleum Exploration	215	0.02
1,310,720	JXTG	7,115	0.57
79,000	Showa Shell Sekiyu	1,228	0.10
Total Oil & Gas		14,859	1.20
Basic Materials – 6.43% (31/08/17 – 6.79%)			
Chemicals – 4.81%			
58,300	Air Water	805	0.06
514,000	Asahi Kasei	5,811	0.47
123,400	Daicel	1,076	0.09
33,900	Denka	894	0.07
33,500	DIC	916	0.07
41,900	Hitachi Chemical	678	0.05
77,000	JSR	1,152	0.09
117,000	Kaneka	823	0.07
79,800	Kansai Paint	1,216	0.10
143,200	Kuraray	1,601	0.13
19,400	Lintec	409	0.03
531,500	Mitsubishi Chemical	3,672	0.30
74,200	Mitsubishi Gas Chemical	1,190	0.10
73,800	Mitsui Chemicals	1,471	0.12
42,600	Nagase & Company	547	0.04
67,100	Nippon Kayaku	607	0.05
63,800	Nippon Paint	1,941	0.16
13,500	Nippon Shokubai	766	0.06
56,900	Nissan Chemical Industries	2,089	0.17
65,300	Nitto Denko	3,906	0.32
28,600	NOF	731	0.06
168,600	Shin-Etsu Chemical	12,184	0.99
59,900	Showa Denko KK	2,194	0.18
617,000	Sumitomo Chemical	2,701	0.22
60,300	Taiyo Nippon Sanso	684	0.06
75,100	Teijin	1,146	0.09
80,100	Tokai Carbon	1,103	0.09
29,500	Tokuyama	697	0.06
623,600	Toray Industries	3,607	0.29
116,400	Tosoh	1,410	0.11
43,100	Ube Industries	845	0.07
61,500	Zeon	508	0.04
Forestry & Paper – 0.20%			
40,800	Nippon Paper Industries	572	0.04
368,000	Oji	1,938	0.16
Industrial Metals – 1.42%			
14,500	Daido Steel	510	0.04
18,400	Dowa Mining	424	0.03
81,400	Hitachi Metals	725	0.06
212,300	JFE	3,581	0.29
122,300	Kobe Steel	788	0.06
25,700	Maruichi Steel Tube	606	0.05
23,400	Mitsui Mining & Smelting	517	0.04
322,200	Nippon Steel	4,998	0.40
18,500	Nisshin Steel	200	0.02
97,800	Sumitomo Metal Mining	2,435	0.20
92,000	Toyota Tsusho	2,416	0.20
15,300	Yamato Kogyo	338	0.03
Total Basic Materials		79,428	6.43

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 23.25% (31/08/17 – 22.83%)			
Construction & Materials – 2.18%			
21,000	Aica Kogyo	622	0.05
77,000	Asahi Glass	2,377	0.19
40,900	Comsys	853	0.07
29,200	Daito Trust Construction	3,372	0.27
114,200	Haseko	1,140	0.09
376,000	Kajima	2,085	0.17
41,900	Kandenko	323	0.03
53,900	Kinden	655	0.05
38,200	Kyowa Exeo	823	0.07
107,900	Lixil Group	1,631	0.13
53,400	Maeda	491	0.04
21,400	Maeda Road Construction	320	0.03
20,000	Nippo	286	0.02
281,400	Obayashi	2,031	0.16
113,400	Penta-Ocean Construction	513	0.04
82,900	Sanwa Holding	733	0.06
229,600	Shimizu	1,547	0.13
147,000	Sumitomo Osaka Cement	484	0.04
50,800	Taiheiy Cement	1,184	0.10
87,200	Taisei	3,004	0.24
91,600	Toda	490	0.04
60,500	Toto	1,971	0.16
General Industrials – 0.92%			
9,700	FP	421	0.03
53,400	IHI	1,438	0.11
51,500	Mitsubishi Materials	1,072	0.09
86,600	Rengo	573	0.05
509,100	Sojitz	1,367	0.11
2,445,000	Toshiba	5,615	0.45
66,100	Toyo Seikan	965	0.08
Electronic & Electrical Equipment – 6.95%			
76,800	Alps Electric	1,774	0.14
28,500	Azbil	957	0.08
258,000	Fuji Electric	1,600	0.13
107,300	Fujikura	510	0.04
25,300	Furukawa Electric	671	0.06
52,000	Hamamatsu Photonics	1,613	0.13
13,600	Hirose Electric	1,247	0.10
1,911,000	Hitachi	9,620	0.78
15,500	Horiba	739	0.06
151,300	Hoya	6,817	0.55
45,900	Ibiden	514	0.04
19,000	Japan Aviation Electronic	268	0.02
284,000	Japan Display	329	0.03
37,200	Keyence	16,204	1.31
129,000	Kyocera	6,270	0.51
21,100	Mabuchi Motor	674	0.06
173,700	Minebea	2,512	0.20
78,400	Murata Manufacturing	10,436	0.84
110,800	NGK Insulators	1,390	0.11
96,600	Nidec	10,791	0.87
33,900	Nippon Electric Glass	839	0.07
79,800	Omron	2,752	0.22
45,700	Taiyo Yuden	1,037	0.08
49,500	TDK	4,283	0.35
49,900	Ushio	507	0.04
99,900	Yokogawa Electric	1,578	0.13

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 23.25% (31/08/17 – 22.83%) – continued			
Industrial Engineering – 7.19%			
134,400	Amada	1,106	0.09
62,900	Chiyoda	355	0.03
39,300	Daifuku	1,571	0.13
109,600	Daikin Industries	10,764	0.87
11,400	Disco	1,572	0.13
40,500	DMG Mori	516	0.04
43,000	Ebara	1,132	0.09
80,200	Fanuc	12,109	0.98
21,900	Glory	450	0.04
111,100	Hino Motors	901	0.07
43,500	Hitachi Construction Machinery	1,001	0.08
21,900	Hoshizaki Electric	1,600	0.13
224,300	Isuzu Motors	2,500	0.20
26,600	Japan Steel Works	525	0.04
89,100	JGC	1,383	0.11
59,700	Kawasaki Heavy Industries	1,257	0.10
377,400	Komatsu	8,275	0.67
458,200	Kubota	5,519	0.45
45,700	Kurita Water Industries	1,045	0.08
16,000	Kyudenko	469	0.04
113,800	Misumi	2,261	0.18
817,200	Mitsubishi Electric	8,502	0.69
118,000	Mitsubishi Heavy Industries	3,377	0.27
30,500	Mitsui Engineering & Shipbuilding	367	0.03
40,200	Miura	867	0.07
49,600	Nabtesco	997	0.08
190,500	NSK	1,665	0.14
172,300	NTN	544	0.04
12,400	Okuma	551	0.04
32,100	OSG	568	0.05
12,700	Shima Seiki Manufacturing	456	0.04
110,700	Shimadzu	2,527	0.20
23,900	SMC	6,129	0.50
47,600	Sumitomo Heavy Industries	1,191	0.10
46,500	Tadano	394	0.03
46,300	THK	956	0.08
20,800	Ulvac	664	0.05
107,400	Yaskawa Electric	2,776	0.23
Industrial Transportation – 1.11%			
13,700	Fukuyama Transport	495	0.04
17,400	Hitachi Transport System	369	0.03
19,700	Japan Airport Terminal	680	0.06
43,400	Kamigumi	679	0.05
32,900	Kawasaki Kisen Kaisha	469	0.04
65,400	Kyushu Railway	1,513	0.12
27,800	Mitsubishi Logistics	490	0.04
46,200	Mitsui OSK Lines	958	0.08
30,400	Nippon Express	1,468	0.12
67,900	Nippon Yusen KK	987	0.08
21,000	Sankyu	857	0.07
64,200	Seino	758	0.06
32,000	SG Holdings	583	0.05
147,000	Yamato	3,367	0.27
Support Services – 4.90%			
9,600	Askul	214	0.02
6,700	GMO Payment Gateway	614	0.05
583,900	Itochu	7,872	0.64
644,700	Marubeni	4,077	0.33
530,800	Mitsubishi	11,675	0.94
699,000	Mitsui & Company	8,980	0.73

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 23.25% (31/08/17 – 22.83%) – continued			
Support Services – 4.90% – continued			
24,800	Monotaro	1,084	0.09
71,200	Persol Holdings	1,227	0.10
492,600	Recruit	11,563	0.93
79,800	Secom	5,059	0.41
28,400	Sohgo Securities Services	963	0.08
462,800	Sumitomo	5,790	0.47
19,800	Toppan Forms	150	0.01
213,000	Toppan Printing	1,281	0.10
Total Industrials		287,382	23.25
Consumer Goods – 23.85% (31/08/17 – 24.23%)			
Automobiles & Parts – 10.56%			
71,000	Aisin Seiki	2,527	0.21
254,200	Bridgestone	7,214	0.58
189,200	Denso	7,023	0.57
11,500	Exedy	278	0.02
161,000	GS Yuasa	610	0.05
727,200	Honda Motor	16,600	1.34
93,200	JTEKT	1,006	0.08
47,000	Koito Manufacturing	2,237	0.18
235,800	Mazda Motor	2,107	0.17
258,200	Mitsubishi Motors	1,417	0.11
82,700	NGK Spark Plug	1,810	0.15
64,500	NHK Spring	525	0.04
34,000	Nifco	720	0.06
793,900	Nissan Motor	5,729	0.46
25,300	Nissan Shatai	173	0.02
46,400	NOK	683	0.06
60,800	Stanley Electric	1,620	0.13
253,300	Subaru Corporation	5,800	0.47
310,800	Sumitomo Electric Industries	3,790	0.31
75,600	Sumitomo Rubber Industries	864	0.07
169,800	Suzuki Motor	8,512	0.69
20,900	Tokai Rika	339	0.03
42,300	Toyo Tire & Rubber	534	0.04
31,500	Toyoda Gosei	606	0.05
25,900	Toyota Boshoku	349	0.03
66,200	Toyota Industries	2,889	0.23
1,060,480	Toyota Motor	50,970	4.12
21,300	TS Tech	620	0.05
115,500	Yamaha Motor	2,256	0.18
44,600	Yokohama Rubber	722	0.06
Beverages – 1.41%			
156,400	Asahi Breweries	5,439	0.44
66,900	Coca-Cola West Japan	1,458	0.12
22,700	Ito En	769	0.06
29,100	Kagome	635	0.05
342,900	Kirin	6,535	0.53
27,500	Sapporo Breweries	443	0.04
51,100	Suntory Beverage & Food	1,613	0.13
71,700	Takara Shuzo	547	0.04
Food Producers – 1.94%			
208,300	Ajinomoto	2,725	0.22
7,200	Ariake Japan	499	0.04
32,000	Calbee	784	0.06
22,200	Ezaki Glico	860	0.07
19,500	Fuji Oil	457	0.04
31,700	House Foods	724	0.06
55,700	Itoham Yonekyu	318	0.03

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 23.85% (31/08/17 – 24.23%) – continued			
Food Producers – 1.94% – continued			
47,500	Kewpie	883	0.07
75,000	Kikkoman	2,893	0.23
16,600	Megmilk Snow Brand	323	0.03
55,000	Meiji	2,813	0.23
6,200	Mitsubishi Shokuhin	132	0.01
17,000	Morinaga	510	0.04
16,100	Morinaga Milk Industry	336	0.03
42,500	NH Foods	1,193	0.10
45,300	Nichirei	877	0.07
104,800	Nisshin Seifun	1,615	0.13
28,400	Nissin Food Products	1,395	0.11
36,300	Toyo Suisan Kaisha	1,030	0.08
50,600	Yakult Honsha	2,770	0.23
52,800	Yamazaki Baking	792	0.06
Household Goods – 1.52%			
268,100	Daiwa House Industry	6,299	0.51
25,300	Fujitsu General	321	0.03
59,500	IIDA Group	847	0.07
37,400	Kokuyo	500	0.04
99,900	Makita	3,487	0.28
9,800	Pilot	430	0.04
15,200	Rinnai	871	0.07
21,600	Sanrio	356	0.03
147,900	Sekisui Chemical	1,982	0.16
238,100	Sekisui House	2,994	0.24
53,800	Sumitomo Forestry	670	0.05
Leisure Goods – 4.79%			
79,700	Bandai Namco	2,381	0.19
89,600	Casio Computer	1,108	0.09
15,900	Daiichi Kosho	566	0.05
38,600	Konami	1,247	0.10
143,400	Nikon	2,113	0.17
44,400	Nintendo	12,366	1.00
879,400	Panasonic	8,094	0.65
83,200	Sega Sammy	1,034	0.08
59,400	Sharp	1,085	0.09
32,100	Shimano	3,813	0.31
522,700	Sony	23,012	1.86
66,800	Yamaha	2,452	0.20
Personal Goods – 2.82%			
10,400	ABC-Mart	437	0.04
72,400	Asics	835	0.07
112,700	Citizen Watch	595	0.05
8,500	Dr.Ci:Labo	282	0.02
198,600	Kao	11,877	0.96
12,100	Kose	1,721	0.14
102,800	Lion	1,669	0.14
54,200	Nisshinbo Industries	468	0.04
6,300	Noevir Holdings	285	0.02
13,100	Paltac	548	0.04
43,900	Pigeon	1,630	0.13
31,800	Pola Orbis	864	0.07
160,300	Shiseido	8,694	0.70
34,600	Toyobo	487	0.04
156,400	Uni-Charm	3,939	0.32
24,100	Wacoal	548	0.04

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 23.85% (31/08/17 – 24.23%) – continued			
Tobacco – 0.81%			
494,500	Japan Tobacco	10,026	0.81
Total Consumer Goods		294,831	23.85
Healthcare – 7.49% (31/08/17 – 6.75%)			
Healthcare Equipment & Services – 1.39%			
40,800	Asahi Intecc	1,197	0.10
30,600	Nihon Kohden	690	0.05
50,600	Nipro	521	0.04
115,800	Olympus Optical	3,632	0.29
78,000	Sysmex	5,206	0.42
127,200	Terumo	5,401	0.44
42,300	Topcon	569	0.05
Pharmaceuticals & Biotechnology – 6.10%			
72,000	Alfresa	1,391	0.11
818,800	Astellas Pharmaceuticals	10,689	0.86
89,000	Chugai Pharmaceuticals	3,971	0.32
262,500	Daiichi Sankyo	7,894	0.64
109,300	Eisai	7,618	0.62
29,500	Hisamitsu Pharmaceutical	1,660	0.13
14,500	Kaken Pharmaceutical	573	0.05
11,900	Kissei Pharmaceutical	271	0.02
26,000	Kobayashi Pharmaceutical	1,438	0.12
19,000	Kyorin	304	0.02
104,600	Kyowa Hakko Kogyo	1,428	0.12
63,100	Medipal	981	0.08
20,300	Miraca	432	0.04
90,300	Mitsubishi Tanabe Pharmaceutical	1,160	0.09
5,700	Mochida Pharmaceutical	340	0.03
21,900	Nippon Shinyaku	991	0.08
181,500	Ono Pharmaceutical	3,675	0.30
173,200	Otsuka	6,260	0.51
35,300	Peptidream	1,062	0.09
40,200	Rohto Pharmaceutical	989	0.08
147,900	Santen Pharmaceutical	1,756	0.14
15,800	Sawai Pharmaceutical	650	0.05
116,800	Shionogi	5,229	0.42
68,000	Sumitomo Dainippon Pharmaceuticals	1,114	0.09
32,700	Suzuken	1,146	0.09
18,000	Taisho Pharmaceuticals	1,502	0.12
315,100	Takeda Pharmaceutical	10,160	0.82
26,800	Tsumura & Co	705	0.06
Total Healthcare		92,605	7.49
Consumer Services – 10.48% (31/08/17 – 10.32%)			
Food & Drug Retailers – 0.68%			
11,700	AIN Holdings	689	0.06
3,600	Cosmos Pharmaceutical	581	0.05
28,506	Familymart	1,915	0.15
20,200	Lawson	914	0.07
31,100	Matsumotokiyoshi	905	0.07
14,700	Sugi	559	0.05
28,000	Sundrug	774	0.06
15,200	Tsuruha	1,338	0.11
20,900	Welcia	742	0.06

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 10.48% (31/08/17 – 10.32%) – continued			
General Retailers – 3.97%			
287,100	Aeon	4,790	0.39
18,900	Aoyama Trading	442	0.04
25,600	Autobacs Seven	335	0.03
30,400	Benesse	732	0.06
64,200	Bic Camera	663	0.05
46,200	Dena	615	0.05
49,300	Don Quijote	1,847	0.15
21,200	Fast Retailing	7,598	0.61
33,600	Gree	131	0.01
33,200	H2O Retailing	402	0.03
145,900	Isetan Mitsukoshi	1,270	0.10
16,300	Izumi	751	0.06
100,300	J. Front Retailing	1,099	0.09
74,100	K's Holdings	691	0.06
54,700	Kakaku.com	779	0.06
12,800	Komeri	242	0.02
6,300	Kusuri No Aoki Holdings	355	0.03
86,600	Marui	1,473	0.12
30,200	Nitori	3,534	0.29
42,500	Park24	960	0.08
324,000	Rakuten	1,910	0.15
9,600	Ryohin Keikaku	2,195	0.18
317,900	Seven & I	9,979	0.81
19,200	Shimachu	484	0.04
9,400	Shimamura	669	0.05
72,800	Start Today	1,932	0.16
60,500	Takashimaya	753	0.06
87,300	USS	1,268	0.10
299,700	Yamada Denki	1,144	0.09
Media – 0.97%			
120,100	Dai Nippon Printing	2,077	0.17
91,000	Dentsu	3,264	0.26
21,300	Fuji Media	282	0.02
100,300	Hakuhodo DY	1,304	0.11
23,800	Nippon Television	304	0.02
4,000	Shochiku Film	377	0.03
55,700	Sky Perfect JSAT	203	0.02
82,000	So-net M3	2,782	0.22
46,100	Toho	1,089	0.09
14,500	Tokyo Broadcasting Systems	236	0.02
10,300	TV Asahi	148	0.01
Travel & Leisure – 4.86%			
44,800	ANA	1,196	0.10
74,600	Central Japan Railway	11,535	0.93
152,300	East Japan Railway	10,615	0.86
12,400	H.I.S	314	0.03
91,200	Hankyu	2,506	0.20
20,500	Heiwa	378	0.03
48,400	Japan Airlines	1,345	0.11
40,200	Keihan Electric Railway	1,137	0.09
104,600	Keikyu	1,393	0.11
47,100	Keio	1,797	0.15
57,100	Keisei Electric Railway	1,476	0.12
74,200	Kintetsu	2,242	0.18
78,100	Nagoya Railroad	1,374	0.11
44,900	Nankai Electric Railway	901	0.07
32,700	Nishi-Nippon Railroad	673	0.05
125,200	Odakyu Electric Railway	2,087	0.17
77,700	Oriental Land	6,416	0.52
28,400	Resort Trust	354	0.03

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 10.48% (31/08/17 – 10.32%) – continued			
Travel & Leisure – 4.86% – continued			
22,000	Sankyo	649	0.05
88,400	Seibu	1,228	0.10
78,700	Skylark	866	0.07
31,400	Sotetsu	754	0.06
82,700	Tobu Railway	1,776	0.14
203,400	Tokyu	2,583	0.21
75,500	West Japan Railway	3,905	0.32
37,300	Zensho	579	0.05
Total Consumer Services		129,605	10.48
Telecommunications – 4.93% (31/08/17 – 5.15%)			
Fixed Line Telecommunications – 0.74%			
267,200	Nippon Telegraph & Telephone	9,172	0.74
Mobile Telecommunications – 4.19%			
9,000	Hikari Tsushin	1,311	0.11
734,500	KDDI	14,981	1.21
519,900	NTT DoCoMo	10,398	0.84
352,200	Softbank	25,146	2.03
Total Telecommunications		61,008	4.93
Utilities – 1.87% (31/08/17 – 2.01%)			
Electricity – 1.34%			
289,400	Chubu Electric Power	3,243	0.26
122,600	Chugoku Electric Power	1,180	0.10
67,200	Electric Power Development	1,371	0.11
78,100	Hokkaido Electric Power	410	0.03
71,300	Hokuriku Electric Power	540	0.04
300,700	Kansai Electric Power	3,322	0.27
195,500	Kyushu Electric Power	1,689	0.14
63,500	Shikoku Electric Power	650	0.05
194,700	Tohoku Electric Power	1,882	0.15
643,700	Tokyo Electric Power	2,291	0.19
Gas, Water & Multiutilities – 0.53%			
163,000	Osaka Gas	2,346	0.19
36,300	Toho Gas	938	0.07
181,500	Tokyo Gas	3,315	0.27
Total Utilities		23,177	1.87
Financials – 14.03% (31/08/17 – 14.52%)			
Banks – 6.92%			
48,200	Aozora Bank	1,311	0.11
83,000	AWA Bank	414	0.03
29,800	Bank of Kyoto	1,158	0.09
271,400	Chiba Bank	1,373	0.11
69,200	Chugoku Bank	582	0.05
479,500	Concordia Financial	1,770	0.14
13,400	Daishi Bank	414	0.03
299,000	Fukuoka Financial	1,290	0.11
185,900	Gunma Bank	730	0.06
194,500	Hachijuni Bank	669	0.05
120,100	Hiroshima Bank	646	0.05
50,100	Hokuhoku Financial	541	0.04
120,000	Iyo Bank	603	0.05
165,900	Japan Post Bank	1,493	0.12
103,000	Keiyo Bank	340	0.03
169,400	Kyushu Financial	635	0.05
427,100	Mebuki Financial Group	1,168	0.10

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 14.03% (31/08/17 – 14.52%) – continued			
Banks – 6.92% – continued			
5,301,930	Mitsubishi UFJ Financial	24,673	2.00
10,466,640	Mizuho Financial	14,169	1.15
63,700	Nishi Nippon Financial	570	0.05
114,900	North Pacific Bank	299	0.02
895,300	Resona	3,912	0.32
63,500	San-in Godo Bank	412	0.03
268,900	Seven Bank	644	0.05
29,700	Seventy Seven Bank	533	0.04
108,000	Shiga Bank	414	0.03
63,800	Shinsei Bank	754	0.06
212,800	Shizuoka Bank	1,448	0.12
550,900	Sumitomo Mitsui Financial	16,742	1.36
153,600	Sumitomo Mitsui Trust	4,753	0.38
71,800	Suruga Bank	300	0.02
97,000	Yamaguchi Financial	822	0.07
Non-Life Insurance – 1.61%			
206,466	MS & AD Insurance	4,891	0.40
146,000	Sompo Japan Nipponkoa	4,803	0.39
279,100	Tokio Marine	10,138	0.82
Life Insurance – 1.30%			
459,300	Dai-ichi Mutual Life Insurance	6,743	0.55
546,500	Japan Post	5,002	0.40
26,800	Japan Post Insurance	464	0.04
73,300	Sony Financial	1,126	0.09
232,600	T&D	2,726	0.22
Real Estate & Investment Services – 2.00%			
46,900	Aeon Mall	605	0.05
10,800	Daikyo	170	0.01
145,200	Hulic	1,060	0.09
94,000	Leoplace21	384	0.03
487,100	Mitsubishi Estate	6,227	0.50
390,800	Mitsui Fudosan	6,898	0.56
47,600	Nomura Real Estate	795	0.06
44,300	NTT Urban Development	380	0.03
12,800	Open House	576	0.05
43,500	Relo Group	919	0.07
179,000	Sumitomo Realty & Development	4,774	0.39
85,300	Tokyo Tatemono	806	0.07
215,000	Tokyu Fudosan	1,129	0.09
Financial Services – 2.20%			
150,700	Acom	474	0.04
49,300	Aeon Financial Service	778	0.06
122,400	Aiful	289	0.02
33,400	Aplus Financial	25	0.00
19,100	Century Tokyo Leasing	811	0.07
68,100	Credit Saison	868	0.07
657,900	Daiwa Securities	3,041	0.25
18,300	Hitachi Capital	392	0.03
75,500	Ichigo	238	0.02
13,000	Jafco	373	0.03
221,100	Japan Exchange	3,002	0.24
40,800	Matsui Securities	332	0.03
174,700	Mitsubishi UFJ Lease & Finance	756	0.06
53,800	Nihon M&A Center	1,086	0.09
1,391,800	Nomura	4,908	0.40
226,200	Orient	245	0.02
530,900	Orix	6,581	0.53

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 14.03% (31/08/17 – 14.52%) – continued			
Financial Services – 2.20% – continued			
91,000	SBI Holdings	1,929	0.16
97,100	Tokai Tokyo Securities	434	0.03
21,400	Zenkoku Hoshu	667	0.05
Total Financials		173,427	14.03
Technology – 5.52% (31/08/17 – 5.37%)			
Software & Computer Services – 1.76%			
38,700	Capcom	695	0.06
21,700	Colopl	109	0.01
39,100	CyberAgent	1,712	0.14
162,300	Gungaho Online Entertainment	266	0.02
33,700	IT Holdings	1,251	0.10
41,500	Itochu Techno-Solutions	708	0.06
21,300	Line	755	0.06
168,500	Nexon	1,630	0.13
43,300	Nomura Research Institute	1,658	0.13
259,000	NTT Data	2,563	0.21
28,000	Obic	2,026	0.16
2,900	Obic Business Consultants	183	0.02
13,300	Oracle Japan	860	0.07
41,600	Otsuka	1,160	0.09
17,700	SCSK	648	0.05
11,800	Shinnittetsu Sumikin Solutions	294	0.02
32,000	Square Enix	1,126	0.09
21,000	Tecmo Koei Holdings	331	0.03
47,100	Trend Micro	2,284	0.19
537,500	Yahoo Japan	1,421	0.12
Technology Hardware & Equipment – 3.76%			
74,200	Advantest	1,369	0.11
97,200	Brother Industries	1,538	0.12
424,100	Canon	10,479	0.85
17,800	Canon Marketing Japan	290	0.02
156,900	Fujifilm	5,113	0.41
800,000	Fujitsu	4,512	0.36
27,600	Hitachi High-Technologies	835	0.07
188,000	Konica Minolta	1,474	0.12
102,900	NEC	2,185	0.18
288,600	Renesas Electronics	1,680	0.14
282,000	Ricoh	2,278	0.18
36,500	Rohm	2,535	0.21
16,500	Screen	962	0.08
113,100	Seiko Epson	1,490	0.12
96,300	Sumco	1,325	0.11
64,500	Tokyo Electron	8,441	0.68
Total Technology		68,186	5.52
Futures – (0.01)% (31/08/17 – 0.01%)			
95	OSE Topix Index Future September 2018	(107)	(0.01)
Total Futures		(107)	(0.01)
Total value of investments*		1,224,401	99.04
Net other assets		11,820	0.96
Total net assets		1,236,221	100.00

*Including investment liabilities.

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 AUGUST 2018

Significant Purchases

	Cost £'000
Toyota Motor	16,293
Mitsubishi UFJ Financial	8,442
Softbank	6,827
Honda Motor	5,784
Sony	5,472
Sumitomo Mitsui Financial	5,429
Japan Post	5,330
Keyence	5,087
KDDI	4,723
Mizuho Financial	4,618
Subtotal	68,005
Total cost of purchases, including the above, for the year	394,885

Significant Sales

	Proceeds £'000
Toyota Motor	23,736
Mitsubishi UFJ Financial	11,634
Softbank	9,103
Sony	8,289
Honda Motor	8,242
Sumitomo Mitsui Financial	7,558
Keyence	7,120
KDDI	6,780
Mizuho Financial	6,337
Fanuc	5,994
Subtotal	94,793
Total proceeds from sales, including the above, for the year	523,523

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		89,103	154,707
Revenue	3	30,495		25,482
Expenses	4	(3,399)		(2,844)
Interest payable and similar charges		(1)		–
Net revenue before taxation		27,095		22,638
Taxation	5	(3,005)		(2,504)
Net revenue after taxation			24,090	20,134
Total return before distributions			113,193	174,841
Distributions	6		(24,090)	(20,134)
Change in net assets attributable to shareholders from investment activities			89,103	154,707

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		1,279,004	971,302
Amounts receivable on creation of shares	396,383		568,060
Amounts payable on cancellation of shares	(552,347)		(437,019)
		(155,964)	131,041
Dilution levy charged		978	779
Change in net assets attributable to shareholders from investment activities		89,103	154,707
Retained distributions on accumulation shares		23,100	21,175
Closing net assets attributable to shareholders		1,236,221	1,279,004

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		1,224,508	1,264,428
Current assets:			
Debtors	7	1,639	30,106
Cash and bank balances	8	10,659	13,661
Total assets		1,236,806	1,308,195
LIABILITIES			
Investment liabilities		107	–
Creditors:			
Other creditors	9	478	29,191
Total liabilities		585	29,191
Net assets attributable to shareholders		1,236,221	1,279,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	88,855	151,223
Derivative securities	874	4,669
Currency losses	(577)	(1,084)
Activity fees	(49)	(101)
Net capital gains	89,103	154,707

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
Overseas dividends	30,051	25,170
Bank interest	2	–
Stock lending income	442	312
Total revenue	30,495	25,482

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	2,887	2,392
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	85	89
Safe custody fees	196	164
	281	253
Other expenses:		
Registrar's fees	33	23
Audit fee	8	13
FTSE® licence fee	165	135
Service charges	21	22
Printing & stationery fee	3	3
Legal fee	1	3
	231	199
Total expenses	3,399	2,844

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	3,005	2,504
Current tax charge for the year	3,005	2,504

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	27,095	22,638
Corporation tax at 20% (31/08/17: 20%)	5,419	4,528
Effects of:		
Revenue not subject to taxation	(6,010)	(5,034)
Current year expenses not utilised	591	506
Irrecoverable overseas tax	3,005	2,504
Current tax charge for the year	3,005	2,504

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £4,650,000 (31/08/17: £4,059,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	12,033	10,239
Final	11,067	10,936
	23,100	21,175
Add: Amounts deducted on cancellation of shares	2,709	3,122
Deduct: Amounts received on the creation of shares	(1,719)	(4,163)
Net distributions for the year	24,090	20,134

Details of the distribution per share are set out on page 70.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	139	28,916
Accrued revenue	1,500	1,190
Total debtors	1,639	30,106

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	10,209	6,330
Amounts held at futures clearing houses and brokers	450	7,331
Total cash and bank balances	10,659	13,661

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	27	50
Purchases awaiting settlement	–	28,837
Accrued expenses	451	304
Total other creditors	478	29,191

10. Reconciliation of number of shares

	Class Z Accumulation
Opening shares at 01/09/17	535,646,532
Shares issued	163,658,030
Shares cancelled	(220,338,433)
Closing shares at 31/08/18	478,966,129

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due (to)/from Royal London Unit Trust Managers Limited in respect of these transactions was (£103,000) (31/08/17: £28,655,000).

At the year end, 31 August 2018, 95.53% (31/08/17: 95.23%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £110,000 (Gross: £552,000) (31/08/17: £78,000 (Gross: £390,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £157,247,000 (31/08/17: £152,599,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	128,724	130,883
Bonds	38,614	31,270

The aggregate value of collateral held at the balance sheet date was £167,338,000 (31/08/17: £162,153,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, BNP Paribas Arbitrage, Citigroup Global Markets, Credit Suisse Dublin Branch, Credit Suisse Securities (Europe) Limited, Goldman Sachs, HSBC Bank, JP Morgan Securities, Macquarie Bank, Morgan Stanley & Co International, Natixis, Skandinaviska Enskilda Banken, Societe Generale and UBS.

14. Financial derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 56 to 60.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 63. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	140	375
Japanese yen	1,236,081	1,278,629
Total	1,236,221	1,279,004

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £123,608,000 (31/08/17: £127,863,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £123,608,000 (31/08/17: £127,863,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £122,440,000 (31/08/17: £126,443,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £122,440,000 (31/08/17: £126,443,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £10,209,000 (31/08/17: £6,330,000) which earn interest by reference to LIBOR or international equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	394,849	20	0.01	–	–	–	–	394,869
Corporate actions	16	–	–	–	–	–	–	16
Total	394,865	20		–		–		394,885

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	523,060	26	0.00	–	–	–	–	523,034
Corporate actions	489	–	–	–	–	–	–	489
Total	523,549	26		–		–		523,523

The Fund had paid £12,000 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	598,113	69	0.01	–	–	–	–	598,182
Total	598,113	69		–		–		598,182

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	435,212	59	0.01	–	–	–	–	435,153
Corporate actions	1,327	–	–	–	–	–	–	1,327
Total	436,539	59		–		–		436,480

The Fund had paid £11,000 as commission on purchases and sales derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.15% (31/08/17: 0.12%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	1,224,508	–	–	1,224,508
Total	1,224,508	–	–	1,224,508
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(107)	–	–	(107)
Total	(107)	–	–	(107)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	1,264,292	–	–	1,264,292
Derivatives	136	–	–	136
Total	1,264,428	–	–	1,264,428

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class Z Accumulation				
Group 1	1.8017	–	1.8017	1.6742
Group 2	0.7842	1.0175	1.8017	1.6742

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class Z Accumulation				
Group 1	2.3106	–	2.3106	2.0417
Group 2	0.9841	1.3265	2.3106	2.0417

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London FTSE® 350 Tracker Fund, Class Z Accumulation	5.62	35.84	43.26
Royal London FTSE® 350 Tracker Fund, Class Z Income	5.67	35.86	43.31
FTSE® 350 Index	4.66	33.54	43.45

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This and the charges associated with the Fund account for the majority of the difference between the performance of the Fund and the FTSE® 350 Index.

The tracking error between the Royal London FTSE® 350 Tracker Fund and the FTSE® 350 Index was 0.10% during the period under review. This is within the anticipated tracking error range of 0.05% to 0.15%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs and the use of index futures to manage cashflows.

Market and Portfolio Commentary

The Fund aims to achieve the total return of the FTSE® 350 Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Nils Jungbacke
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Nils Jungbacke started managing the Fund on 4 January 2018. The previous Fund Manager was Vicky Harriss.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class Z Accumulation

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	169.63	148.73	132.89
Return before operating charges*	8.01	21.10	16.00
Operating charges	(0.21)	(0.20)	(0.16)
Return after operating charges*	7.80	20.90	15.84
Distributions on accumulation shares	(6.20)	(5.50)	(4.97)
Retained distributions on accumulation shares	6.20	5.50	4.97
Closing net asset value per share	177.43	169.63	148.73
* after direct transaction costs of:	0.17	0.14	0.12
Performance			
Return after charges	4.60%	14.05%	11.92%
Other information			
Closing net asset value (£'000)	6,085,379	5,658,368	4,500,108
Closing number of shares	3,429,672,929	3,335,726,370	3,025,761,661
Operating charges	0.12%	0.12%	0.12%
Direct transaction costs	0.10%	0.09%	0.09%
Prices[^]			
Highest share price	185.00	171.30	152.40
Lowest share price	161.90	146.60	119.70

Class Z Income

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	124.91	113.22	104.83
Return before operating charges*	5.82	15.99	12.41
Operating charges	(0.16)	(0.15)	(0.13)
Return after operating charges*	5.66	15.84	12.28
Distributions on income shares	(4.53)	(4.15)	(3.89)
Closing net asset value per share	126.04	124.91	113.22
* after direct transaction costs of:	0.13	0.11	0.09
Performance			
Return after charges	4.53%	13.99%	11.71%
Other information			
Closing net asset value (£'000)	211,439	190,891	184,760
Closing number of shares	167,760,980	152,825,928	163,188,305
Operating charges	0.12%	0.12%	0.12%
Direct transaction costs	0.10%	0.09%	0.09%
Prices[^]			
Highest share price	134.60	128.80	118.60
Lowest share price	117.70	111.60	94.42

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 98.57% (31/08/17 – 97.62%)			
Oil & Gas – 14.06% (31/08/17 – 11.43%)			
Oil & Gas Producers – 13.73%			
52,246,756	BP	285,946	4.54
1,588,010	Cairn Energy	3,795	0.06
192,492	Energean Oil & Gas	1,026	0.02
2,097,600	Premier Oil	2,601	0.04
12,306,102	Royal Dutch Shell 'A' (GBP)	307,837	4.89
10,026,684	Royal Dutch Shell 'B'	254,728	4.04
3,757,963	Tullow Oil	8,752	0.14
Oil Equipment & Services – 0.33%			
377,403	Hunting	3,146	0.05
1,784,529	John Wood	12,824	0.21
698,933	Petrofac	4,585	0.07
Total Oil & Gas		885,240	14.06
Basic Materials – 7.35% (31/08/17 – 7.66%)			
Chemicals – 0.78%			
338,344	Croda International	17,242	0.27
1,248,487	Elementis	3,186	0.05
507,597	Johnson Matthey	17,746	0.28
724,222	Synthomer	4,099	0.07
222,219	Victrex	7,040	0.11
Forestry & Paper – 0.33%			
980,148	Mondi	20,995	0.33
Industrial Metals – 0.13%			
1,315,366	Evrax	6,544	0.11
824,862	Ferrexpo	1,279	0.02
Mining – 6.11%			
2,641,100	Anglo American	40,715	0.65
921,932	Antofagasta	7,427	0.12
5,561,044	BHP Billiton	91,401	1.45
2,914,998	Centamin	2,975	0.05
499,603	Fresnillo	4,482	0.07
31,235,083	Glencore	97,938	1.55
682,732	Hochschild Mining	1,176	0.02
635,712	Kaz Minerals	2,961	0.05
621,242	Polymetal International	3,995	0.06
249,817	Randgold Resources	12,546	0.20
3,079,820	Rio Tinto	112,691	1.79
11,893,660	Sirius Minerals	4,272	0.07
231,372	Vedanta Resources	1,931	0.03
Total Basic Materials		462,641	7.35
Industrials – 11.16% (31/08/17 – 10.21%)			
Construction & Materials – 1.23%			
1,870,462	Balfour Beatty	5,419	0.09
2,252,163	CRH	57,498	0.91
1,049,423	Ibstock	2,575	0.04
195,739	Keller	2,032	0.03
253,743	Kier	2,407	0.04
538,141	Marshalls	2,428	0.04
511,651	Polypipe	1,892	0.03
66,662	RHI Magnesita	3,286	0.05
Aerospace & Defence – 2.01%			
8,534,561	BAE Systems	51,702	0.82
6,476,960	Cobham	8,051	0.13
2,098,281	Meggitt	11,289	0.18

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 11.16% (31/08/17 – 10.21%) – continued			
Aerospace & Defence – 2.01% – continued			
1,516,205	QinetiQ	4,109	0.06
4,440,958	Rolls-Royce	44,632	0.71
1,126,772	Senior	3,585	0.06
197,474	Ultra Electronics	3,167	0.05
General Industrials – 1.08%			
3,857,720	Coats Group	3,206	0.05
1,082,022	RPC Group	7,728	0.12
3,411,310	Smith (DS)	16,852	0.27
1,056,876	Smiths Group	17,032	0.27
634,746	Smurfit Kappa	19,868	0.31
574,894	Vesuvius	3,561	0.06
Electronic & Electrical Equipment – 0.60%			
1,009,157	Halma	14,451	0.23
770,218	Morgan Advanced Materials	2,619	0.04
93,618	Renishaw	5,102	0.08
2,349,873	Rotork	7,940	0.13
321,359	Spectris	7,562	0.12
Industrial Engineering – 1.08%			
505,199	Bodycote	4,792	0.08
213,974	Hill & Smith	2,268	0.04
724,441	IMI	8,744	0.14
11,689,247	Melrose Industries	26,044	0.41
198,595	Spirax-Sarco Engineering	14,150	0.22
651,374	Weir	12,210	0.19
Industrial Transportation – 0.40%			
2,760,798	BBA	8,536	0.14
68,623	Clarkson	1,949	0.03
113,081	Fisher (James) & Sons	2,029	0.03
2,449,057	Royal Mail	10,964	0.17
824,403	Stobart Group	1,958	0.03
Support Services – 4.76%			
650,614	Aggreko	5,456	0.09
1,305,529	Ashtead Group	30,837	0.49
1,352,808	Babcock International	9,648	0.15
2,055,408	BCA Marketplace	4,851	0.08
896,540	Bunzl	21,490	0.34
4,536,140	Capita	6,736	0.11
238,691	DCC	16,601	0.26
300,251	Diploma	4,372	0.07
1,197,604	Electrocomponents	8,884	0.14
891,375	Equiniti	1,974	0.03
713,089	Essentra	3,170	0.05
2,447,405	Experian	46,978	0.75
630,384	Ferguson	38,933	0.62
4,205,222	G4S	10,488	0.17
590,356	Grafton	4,531	0.07
3,662,951	Hays	7,450	0.12
731,245	Homeserve	7,598	0.12
1,589,708	Howdens Joinery	7,828	0.12
1,832,514	International Workplace	4,398	0.07
431,002	Intertek	22,119	0.35
845,726	PageGroup	5,150	0.08
1,709,408	Renewi	1,077	0.02
4,924,809	Rentokil Initial	16,006	0.25
2,933,260	Serco Group	2,864	0.05
1,641,292	SIG	2,134	0.03
686,705	Travis Perkins	7,897	0.13
Total Industrials		703,107	11.16

Royal London FTSE® 350 Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 14.30% (31/08/17 – 16.21%)			
Automobiles & Parts – 0.02%			
452,762	TI Fluid Systems	1,302	0.02
Beverages – 3.10%			
227,359	Barr (AG)	1,592	0.03
717,960	Britvic	5,851	0.09
528,876	Coca-Cola HBC	13,946	0.22
6,460,803	Diageo	174,086	2.76
Food Producers – 0.66%			
929,652	Associated British Foods	21,252	0.34
402,674	Bakkavör	755	0.01
138,380	Cranswick	4,467	0.07
363,091	Dairy Crest	1,725	0.03
1,924,605	Greencore Group	3,349	0.05
175,368	Hilton Food	1,592	0.03
1,257,543	Tate & Lyle	8,431	0.13
Household Goods – 3.17%			
2,700,063	Barratt Developments	14,634	0.23
332,359	Bellway	9,698	0.15
332,477	Berkeley	12,112	0.19
362,203	Bovis Homes	4,075	0.07
1,186,377	Countryside Properties	3,989	0.06
678,244	Crest Nicholson	2,591	0.04
293,671	Galliford Try	2,849	0.05
1,474,196	McCarthy & Stone	1,642	0.03
829,204	Persimmon	20,158	0.32
1,674,658	Reckitt Benckiser	109,824	1.74
642,040	Redrow	3,515	0.06
8,690,301	Taylor Wimpey	14,535	0.23
Leisure Goods – 0.05%			
80,734	Games Workshop	2,870	0.05
Personal Goods – 2.58%			
1,110,047	Burberry	24,821	0.39
487,392	PZ Cussons	1,170	0.02
77,046	Ted Baker	1,701	0.03
3,067,867	Unilever	134,725	2.14
Tobacco – 4.72%			
6,106,367	British American Tobacco	227,248	3.61
2,539,957	Imperial Brands	69,696	1.11
Total Consumer Goods		900,201	14.30
Healthcare – 9.45% (31/08/17 – 8.41%)			
Healthcare Equipment & Services – 0.89%			
3,947,060	ConvaTec	8,419	0.13
1,062,589	Mediclinic International	5,240	0.08
231,526	NMC Health	9,085	0.15
2,340,443	Smith & Nephew	31,760	0.51
757,705	Spire Healthcare	1,306	0.02
Pharmaceuticals & Biotechnology – 8.56%			
3,390,552	AstraZeneca	196,482	3.12
1,051,128	BTG	5,713	0.09
270,298	Dechra Pharmaceuticals	8,428	0.13
166,438	Genus	4,740	0.08
13,036,316	GlaxoSmithKline	203,419	3.23
378,469	Hikma Pharmaceuticals	7,463	0.12
1,963,200	Indivior	5,308	0.08
2,397,861	Shire	107,856	1.71
Total Healthcare		595,219	9.45

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 11.65% (31/08/17 – 10.44%)			
Food & Drug Retailers – 1.85%			
275,504	Greggs	2,926	0.05
5,812,958	Morrison (Wm) Supermarkets	15,303	0.24
1,469,926	Ocado	15,758	0.25
4,323,507	Sainsbury (J)	14,017	0.22
25,848,080	Tesco	63,690	1.01
677,739	UDG Healthcare	4,985	0.08
General Retailers – 1.67%			
2,300,993	B&M European Value Retail	9,489	0.15
802,037	Card Factory	1,526	0.02
2,710,162	Dixons Carphone	4,480	0.07
269,733	Dunelm	1,403	0.02
543,973	Halfords	1,786	0.03
1,117,729	Inchcape	7,735	0.12
985,669	JD Sports Fashion	5,003	0.08
1,538,056	Just Eat	11,788	0.19
5,740,249	Kingfisher	15,682	0.25
4,342,509	Marks & Spencer	13,093	0.21
362,004	Next	19,888	0.32
3,028,022	Saga	3,833	0.06
481,113	Sports Direct International	1,836	0.03
136,125	Superdry	1,620	0.03
287,028	WH Smith	5,919	0.09
Media – 3.58%			
1,058,605	Ascential	4,558	0.07
901,905	Entertainment One	3,297	0.05
146,828	Euromoney Institutional Investor	1,891	0.03
3,332,917	Informa	25,410	0.40
9,967,593	ITV	16,008	0.26
1,922,809	Merlin Entertainments	7,151	0.11
1,399,147	Moneysupermarket.com	3,971	0.06
2,084,029	Pearson	19,119	0.30
2,785,107	RELX	47,584	0.76
2,403,200	Rightmove	11,824	0.19
2,764,125	Sky	42,581	0.68
3,279,268	WPP	41,925	0.67
Travel & Leisure – 4.55%			
712,514	888 Holdings	1,657	0.03
464,237	Carnival	21,494	0.34
2,737,262	Cineworld	8,486	0.13
4,230,148	Compass Group	70,136	1.11
1,294,344	Domino's Pizza	3,760	0.06
660,863	easyJet	10,078	0.16
3,264,207	Firstgroup	2,894	0.05
117,241	Go-Ahead	1,968	0.03
827,428	Greene King	4,026	0.06
1,467,866	GVC	16,117	0.26
509,531	Intercontinental Hotels	24,228	0.38
4,381,136	International Consolidated Airlines (IAG)	30,265	0.48
328,666	Millennium & Copthorne Hotels	1,735	0.03
607,765	Mitchells & Butlers	1,549	0.02
1,129,267	National Express	4,467	0.07
229,656	On The Beach	1,203	0.02
222,190	Paddy Power	15,587	0.25
469,385	Rank Group	810	0.01
1,242,921	SSP	8,630	0.14
1,170,729	Stagecoach	1,902	0.03
3,700,286	Thomas Cook	3,092	0.05
1,163,874	TUI	16,539	0.26
190,112	Wetherspoon (JD)	2,365	0.04

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 11.65% (31/08/17 – 10.44%) – continued			
Travel & Leisure – 4.55% – continued			
489,933	Whitbread	22,517	0.36
2,346,993	William Hill	6,032	0.10
151,065	Wizz Air Holdings	4,790	0.08
Total Consumer Services		733,406	11.65
Telecommunications – 2.81% (31/08/17 – 3.74%)			
Fixed Line Telecommunications – 0.84%			
22,307,862	BT Group	48,475	0.77
1,848,091	TalkTalk Telecom	2,364	0.04
160,377	Telecom Plus	1,645	0.03
Mobile Telecommunications – 1.97%			
1,244,272	Inmarsat	6,774	0.11
71,413,234	Vodafone	117,475	1.86
Total Telecommunications		176,733	2.81
Utilities – 2.67% (31/08/17 – 3.18%)			
Electricity – 0.62%			
482,698	ContourGlobal	1,052	0.02
1,096,911	Drax	4,192	0.06
2,711,588	SSE	33,976	0.54
Gas, Water & Multiutilities – 2.05%			
14,985,262	Centrica	21,474	0.34
8,966,513	National Grid	72,629	1.15
1,138,325	Pennon Group	8,749	0.14
631,493	Severn Trent	12,636	0.20
1,820,411	United Utilities	13,497	0.22
Total Utilities		168,205	2.67
Financials – 24.09% (31/08/17 – 25.03%)			
Banks – 10.35%			
99,859	Bank of Georgia	1,651	0.03
45,609,418	Barclays	80,136	1.27
2,416,435	CYBG	8,023	0.13
53,756,413	HSBC	359,523	5.71
192,057,377	Lloyds Banking Group	113,871	1.81
244,546	Metro Bank	6,793	0.11
644,686	OneSavings Bank	2,678	0.04
12,073,939	Royal Bank of Scotland	29,122	0.46
7,235,756	Standard Chartered	45,368	0.72
97,279	TBC Bank	1,556	0.02
761,907	Virgin Money	2,908	0.05
Non-Life Insurance – 1.18%			
542,487	Admiral	11,284	0.18
1,401,271	Beazley	8,324	0.13
3,681,897	Direct Line Insurance	12,165	0.19
787,362	Esure	2,197	0.04
840,611	Hastings	2,270	0.04
755,841	Hiscox	12,728	0.20
329,228	Jardine Lloyd Thompson	4,741	0.08
545,806	Lancashire	3,316	0.05
2,741,455	RSA Insurance	17,299	0.27

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 24.09% (31/08/17 – 25.03%) – continued			
Life Insurance – 4.20%			
10,722,591	Aviva	52,005	0.83
2,576,894	Just Group	2,341	0.04
15,814,763	Legal & General	40,201	0.64
1,551,805	Phoenix	11,010	0.17
6,932,414	Prudential	120,277	1.91
1,397,637	St James's Place Capital	15,814	0.25
7,249,740	Standard Life Aberdeen	22,974	0.36
Real Estate Investment Services – 0.27%			
2,001,372	Capital & Counties Properties	5,174	0.08
428,933	CLS	972	0.02
12,448	Daejan Holdings	723	0.01
1,418,683	F&C Commercial Property Trust	2,097	0.03
1,124,717	Grainger	3,448	0.05
357,159	Savills	2,855	0.05
474,706	St Modwen Properties	1,869	0.03
Equity Investment Instruments – 3.11%			
1,444,497	3i Infrastructure	3,580	0.06
252,563	Aberforth Smaller Companies Trust	3,405	0.05
245,493	Baillie Gifford Japan Investment Trust	2,097	0.03
332,528	Bankers Investment Trust	2,979	0.05
128,822	BlackRock Smaller Companies Investment Trust	1,894	0.03
320,700	British Empire Securities	2,434	0.04
90,185	Caledonia Investments	2,561	0.04
965,397	City of London Investment Trust 'A'	4,055	0.06
539,297	Edinburgh Dragon Trust	1,995	0.03
532,170	Edinburgh Investment Trust	3,661	0.06
163,386	F&C Global Smaller Companies	2,394	0.04
1,478,976	F&C Investment Trust	10,782	0.17
1,024,724	Fidelity China Special Situations Investment Trust	2,285	0.04
1,117,643	Fidelity European Values	2,610	0.04
504,340	Fidelity Special Values	1,377	0.02
441,437	Finsbury Growth & Income Trust	3,721	0.06
2,393,146	GCP Infrastructure Investments	2,953	0.05
382,028	Genesis Emerging Markets Fund	2,617	0.04
2,817,713	Greencoat UK Wind	3,500	0.06
220,866	HarbourVest Global Private Equity	3,044	0.05
184,619	Herald Investment Trust	2,483	0.04
4,913,373	HIICL Infrastructure	7,704	0.12
2,293,439	John Laing Infrastructure Fund	3,339	0.05
606,651	JPMorgan American Investment Trust	2,824	0.04
345,888	JPMorgan Emerging Markets Investment Trust	2,975	0.05
297,085	JPMorgan Indian Investment Trust	2,130	0.03
430,395	JPMorgan Japanese Investment Trust	1,958	0.03
298,397	Jupiter European Opportunities Investment Trust	2,647	0.04
571,806	Monks Investment Trust	4,780	0.08
340,318	Murray International Investment Trust	3,852	0.06
2,515,688	NB Global Floating Rate Income Fund	2,335	0.04
151,242	Pantheon International	3,146	0.05
652,982	Perpetual Income & Growth Investment Trust	2,357	0.04

Royal London FTSE® 350 Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 24.09% (31/08/17 – 25.03%) – continued			
Equity Investment Instruments – 3.11% – continued			
587,150	Pershing Square Holdings	6,975	0.11
5,589	Personal Assets Investment Trust	2,233	0.03
358,368	Polar Capital Technology Trust	4,931	0.08
2,701,549	Renewables Infrastructure	2,977	0.05
339,290	RIT Capital Partners	7,040	0.11
153,819	Riverstone Energy	1,950	0.03
463,771	Schroder Asia Pacific Fund	2,054	0.03
214,613	Scottish Investment Trust	1,867	0.03
3,717,698	Scottish Mortgage Investment Trust	20,782	0.33
2,105,572	Sequoia Economic Infrastructure Income Fund	2,306	0.04
179,502	Temple Bar Investment Trust	2,283	0.04
715,235	Templeton Emerging Markets Investment Trust	5,042	0.08
928,953	The Alliance Trust	7,209	0.11
2,193,435	The Mercantile Investment Trust	4,744	0.07
859,318	TR Property Investment	3,631	0.06
544,694	Vietnam Enterprise Investments	2,457	0.04
550,746	VinaCapital Vietnam Opportunity Fund	1,867	0.03
488,379	Witan Investment Trust	5,470	0.09
131,586	Worldwide Healthcare Trust	3,777	0.06
Real Estate Investment Trusts – 1.93%			
6,316,391	Assura	3,461	0.05
394,280	Big Yellow	3,714	0.06
2,619,713	British Land	16,646	0.26
273,809	Derwent London	8,327	0.13
755,657	Great Portland Estates	5,450	0.09
2,151,886	Hammerson	10,135	0.16
2,400,898	Intu Properties	3,790	0.06
1,902,129	Land Securities	17,433	0.28
1,752,684	LondonMetric Property	3,232	0.05
825,021	NewRiver Retail	2,190	0.03
1,957,066	Primary Health Properties	2,215	0.03
3,446,197	Redefine International	1,165	0.02
553,087	Safestore	2,937	0.05
2,702,077	SEGRO	17,785	0.28
619,651	Shaftesbury	5,719	0.09
3,992,139	Tritax Big Box	6,024	0.10
1,809,339	UK Commercial Property Trust	1,619	0.03
695,575	Unite Group	6,166	0.10
332,544	Workspace	3,538	0.06
Financial Services – 3.05%			
2,547,012	3i Group	22,801	0.36
1,629,201	AA	1,816	0.03
1,038,553	Ashmore	3,691	0.06
748,194	Brewin Dolphin	2,713	0.04

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 24.09% (31/08/17 – 25.03%) – continued			
Financial Services – 3.05% – continued			
382,677	Charter Court Financial Services	1,371	0.02
411,013	Close Brothers	6,560	0.10
703,380	Hargreaves Lansdown	15,460	0.25
979,348	IG Group	8,853	0.14
510,505	IntegraFin	1,833	0.03
758,416	Intermediate Capital	7,956	0.13
3,678,860	International Public Partnership	5,739	0.09
1,740,569	Investec	8,811	0.14
2,740,941	IP	3,558	0.06
1,349,072	John Laing	4,241	0.07
1,122,587	Jupiter Fund Management	4,704	0.07
834,591	London Stock Exchange	38,591	0.61
4,278,386	Man Group	7,350	0.12
853,504	NEX	8,979	0.14
704,076	Paragon Banking	3,273	0.05
687,312	Provident Financial	4,694	0.07
4,727,630	Quilter	6,658	0.11
140,251	Rathbone Brothers	3,694	0.06
359,954	Sanne	2,214	0.04
299,491	Schroders	9,209	0.15
1,038,552	Syncona	2,757	0.04
1,518,069	TP ICAP	4,325	0.07
Total Financials		1,517,179	24.09
Technology – 1.03% (31/08/17 – 1.31%)			
Software & Computer Services – 1.03%			
252,272	Alfa Financial Software	421	0.01
2,511,572	Auto Trader	11,272	0.18
173,468	Aveva Group	4,923	0.08
190,607	Computacenter	2,581	0.04
237,320	FDM	2,238	0.03
1,146,278	Micro Focus International	14,959	0.24
789,888	Playtech	4,201	0.07
2,897,774	Sage	17,253	0.27
285,385	Softcat	2,423	0.04
892,371	Sophos	4,680	0.07
Total Technology		64,951	1.03
Futures – (0.04)% (31/08/17 – 0.01%)			
1,212	LIFFE FTSE® 100 Index Future September 2018	(2,368)	(0.04)
Total Futures		(2,368)	(0.04)
Total value of investments*		6,204,514	98.53
Net other assets		92,304	1.47
Total net assets		6,296,818	100.00

* Including investment liabilities.

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 AUGUST 2018

Significant Purchases

	Cost £'000
HSBC	71,168
Royal Dutch Shell 'A' (EUR)	58,091
British American Tobacco	50,806
BP	48,844
Royal Dutch Shell 'B'	42,427
GlaxoSmithKline	33,256
Diageo	30,684
AstraZeneca	30,360
Vodafone	27,353
Lloyds Banking Group	23,727
Subtotal	416,716
Total cost of purchases, including the above, for the year	1,281,320

Significant Sales

	Proceeds £'000
HSBC	40,842
Royal Dutch Shell 'A' (EUR)	35,953
British American Tobacco	29,794
BP	28,385
Royal Dutch Shell 'B'	26,832
Diageo	22,450
Worldpay	21,622
Quilter	20,316
GlaxoSmithKline	18,525
AstraZeneca	18,236
Subtotal	262,955
Total proceeds from sales, including the above, for the year	857,859

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Income					
Net capital gains	2		78,571		487,856
Revenue	3	241,992		209,848	
Expenses	4	(7,549)		(6,518)	
Net revenue before taxation		234,443		203,330	
Taxation	5	(1,181)		(370)	
Net revenue after taxation			233,262		202,960
Total return before distributions			311,833		690,816
Distributions	6		(224,712)		(184,563)
Change in net assets attributable to shareholders from investment activities			87,121		506,253

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		5,849,259		4,684,868
Amounts receivable on creation of shares	1,238,088		818,468	
Amounts payable on cancellation of shares	(1,092,908)		(343,277)	
		145,180		475,191
Stamp duty reserve tax reimbursement		13		–
Change in net assets attributable to shareholders from investment activities		87,121		506,253
Retained distribution on accumulation shares		215,245		182,947
Closing net assets attributable to shareholders		6,296,818		5,849,259

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2018 £'000
ASSETS			
Investments		6,206,882	5,710,829
Current assets:			
Debtors	7	49,335	43,302
Cash and bank balances	8	48,835	100,202
Total assets		6,305,052	5,854,333
LIABILITIES			
Investment liabilities		2,368	–
Creditors:			
Distribution payable		5,021	4,033
Other creditors	9	845	1,041
Total liabilities		8,234	5,074
Net assets attributable to shareholders		6,296,818	5,849,259

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	71,555	473,399
Derivative securities	7,087	14,471
Currency (losses)/gains	(28)	5
Activity fees	(43)	(19)
Net capital gains	78,571	487,856

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	203,640	176,170
Overseas dividends	24,593	11,164
Property investment income (PID)	3,490	3,118
Bank interest	300	48
Stock lending income	1,421	953
Stock dividends	8,548	18,395
Total revenue	241,992	209,848

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	6,230	5,342
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	390	341
Safe custody fees	90	79
	480	420
Other expenses:		
Registrar's fees	46	39
Audit fee	13	13
FTSE® licence fee	757	670
Service charges	20	19
Printing & stationery fee	2	3
Legal fee	1	12
	839	756
Total expenses	7,549	6,518

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable income tax	17	–
Irrecoverable overseas tax	1,164	370
Current tax charge for the year	1,181	370

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	234,443	203,330
Corporation tax at 20% (31/08/17: 20%)	46,889	40,666
Effects of:		
Revenue not subject to taxation	(47,357)	(41,146)
Current year management expenses not utilised	468	480
Irrecoverable overseas tax	1,164	370
Irrecoverable income tax	17	–
Current tax charge for the year	1,181	370

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £2,930,000 (31/08/17: £2,462,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	74,121	65,890
Final	141,124	117,057
	215,245	182,947
Income shares		
Interim	2,606	2,431
Final	5,021	4,033
	7,627	6,464
	222,872	189,411
Add: Amounts deducted on cancellation of shares	8,154	1,617
Deduct: Amounts received on the creation of shares	(6,314)	(6,465)
Net distributions for the year	224,712	184,563

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

Net revenue after taxation	233,262	202,960
Movement in income carried forward	(2)	(2)
Stock dividend charged to capital	(8,548)	(18,395)
Net distributions for the year	224,712	184,563

Details of the distribution per share are set out on page 86.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	179	91
Accrued revenue	48,341	42,951
Withholding tax recoverable	809	239
Income tax recoverable	6	21
Total debtors	49,335	43,302

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	43,284	92,494
Amounts held at futures clearing houses and brokers	5,551	7,708
Total cash and bank balances	48,835	100,202

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	21	290
Accrued expenses	824	751
Total other creditors	845	1,041

10. Reconciliation of number of shares

	Class Z Accumulation	Class Z Income
Opening shares at 01/09/17	3,335,726,370	152,825,928
Shares issued	718,272,181	21,683,509
Shares cancelled	(624,325,622)	(6,748,457)
Closing shares at 31/08/18	3,429,672,929	167,760,980

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £389,000 (31/08/17: £685,000).

At the year end, 31 August 2018, 94.39% (31/08/17: 86.02%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £355,000 (Gross: £1,776,000) (31/08/17: £238,000 (Gross: £1,191,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £535,118,000 (31/08/17: £488,920,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	534,399	451,255
Bonds	34,288	66,230

The aggregate value of collateral held at the balance sheet date was £568,687,000 (31/08/17: £517,485,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were ABN Amro Bank, Bank of Nova Scotia, Credit Suisse Dublin Branch, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC Bank, JP Morgan Securities, Morgan Stanley & Co International, Natixis, Santander, Skandinaviska Enskilda Banken, Societe Generale and UBS.

14. Financial derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 73 to 76.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 79. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	6,274,926	5,828,539
Euro	1,235	2,402
US dollar	20,657	18,318
Total	6,296,818	5,849,259

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £2,189,000 (31/08/17: £2,072,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £2,189,000 (31/08/17: £2,072,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £620,451,000 (31/08/17: £571,083,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £620,451,000 (31/08/17: £571,083,000). These calculations assume all other variables remain constant.

The only interest bearing asset are cash balance of £43,284,000 (31/08/17: £92,494,000) which earn interest by reference to LIBOR or international equivalent.

16. Portfolio transaction costs

For the year ended 31 August 2018

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	1,262,292	156	0.01	5,841	0.46	17	0.00	1,268,306
Corporate actions	13,014	—	—	—	—	—	—	13,014
Total	1,275,306	156		5,841		17		1,281,320

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	822,226	41	0.00	—	—	3	0.00	822,182
Corporate actions	35,677	—	—	—	—	—	—	35,677
Total	857,903	41		—		3		857,859

The Fund had paid £95,000 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.09%
Other expenses	0.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs – continued

For the year ended 31 August 2017

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	1,000,822	36	0.00	4,587	0.46	3	0.00	1,005,448
Corporate actions	11,481	–	–	–	–	–	–	11,481
Total	1,012,303	36		4,587		3		1,016,929

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	203,225	19	0.01	–	–	1	0.00	203,205
Corporate actions	155,741	–	–	–	–	–	–	155,741
Total	358,966	19		–		1		358,946

The Fund had paid £76,000 as commission on purchases and sales derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions 0.00%

Taxes 0.09%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.06% (31/08/17: 0.06%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	6,206,882	–	–	6,206,882
Total	6,206,882	–	–	6,206,882
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(2,368)	–	–	(2,368)
Total	(2,368)	–	–	(2,368)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	5,710,107	–	–	5,710,107
Derivatives	722	–	–	722
Total	5,710,829	–	–	5,710,829

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class Z Accumulation				
Group 1	2.0835	–	2.0835	1.9906
Group 2	1.1085	0.9750	2.0835	1.9906
Class Z Income				
Group 1	1.5342	–	1.5342	1.5154
Group 2	1.1428	0.3914	1.5342	1.5154

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class Z Accumulation				
Group 1	4.1148	–	4.1148	3.5092
Group 2	3.4284	0.6864	4.1148	3.5092
Class Z Income				
Group 1	2.9925	–	2.9925	2.6387
Group 2	0.2954	2.6971	2.9925	2.6387

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK All Share Tracker Fund, Class Z Accumulation	6.25	35.58	43.19
FTSE® All-Share Index	4.68	33.73	44.09

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This and the charges associated with the Fund account for the majority of the difference between the performance of the Fund and the FTSE® All-Share Index.

The tracking error between the Royal London UK All Share Tracker Fund and the FTSE® All-Share Index was 0.08% during the period under review. This is within the anticipated tracking error range of 0.05% to 0.15%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs and the use of index futures to manage cashflows.

Market and Portfolio Commentary

The Fund aims to achieve the total return of the FTSE® All-Share Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Nils Jungbacke
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Nils Jungbacke started managing the Fund on 4 January 2018. The previous Fund Manager was Vicky Harriss.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	197.65	173.10	155.04
Return before operating charges*	9.34	24.81	18.29
Operating charges	(0.28)	(0.26)	(0.23)
Return after operating charges*	9.06	24.55	18.06
Distributions on accumulation shares	(7.10)	(6.33)	(5.68)
Retained distributions on accumulation shares	7.10	6.33	5.68
Closing net asset value per share	206.71	197.65	173.10
* after direct transaction costs of:	0.07	0.09	0.11
Performance			
Return after charges	4.58%	14.18%	11.65%
Other information			
Closing net asset value (£'000)	545,648	548,926	505,679
Closing number of shares	263,968,506	277,733,342	292,134,064
Operating charges	0.14%	0.14%	0.15%
Direct transaction costs	0.03%	0.05%	0.07%
Prices[^]			
Highest share price	215.50	199.70	176.30
Lowest share price	188.80	170.90	138.90

Class Z Income**

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	112.52	101.82	94.43
Return before operating charges*	5.29	14.54	10.96
Operating charges	(0.06)	(0.15)	(0.14)
Return after operating charges*	5.23	14.39	10.82
Distributions on income shares	–	(3.69)	(3.43)
Cancellation price	(117.75)	–	–
Closing net asset value per share	–	112.52	101.82
* after direct transaction costs of:	0.04	0.05	0.07
Performance			
Return after charges	4.65%	14.13%	11.46%
Other information			
Closing net asset value (£'000)	–	2,225	1,822
Closing number of shares	–	1,977,634	1,789,563
Operating charges	–	0.14%	0.15%
Direct transaction costs	0.03%	0.05%	0.07%
Prices[^]			
Highest share price	119.70	116.10	105.90
Lowest share price	110.00	100.50	84.61

** From 25 January 2018 shareholders in Class Z Income converted into Class Z Accumulation.

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 96.98% (31/08/17 – 98.76%)			
Oil & Gas – 13.39% (31/08/17 – 11.26%)			
Alternative Energy – 0.05%			
93,001	Bluefield Solar Income Fund	110	0.02
9,362	Porvair	45	0.01
44,737	Volution	86	0.02
Oil & Gas Producers – 13.02%			
4,279,639	BP	23,422	4.29
124,797	Cairn Energy	298	0.05
16,563	Energean Oil & Gas	88	0.02
236,687	Enquest	102	0.02
19,625	Nostrum Oil & Gas	50	0.01
140,225	Ophir Energy	57	0.01
167,015	Premier Oil	207	0.04
1,007,564	Royal Dutch Shell 'A' (GBP)	25,204	4.62
821,429	Royal Dutch Shell 'B'	20,868	3.82
53,309	SOCO International	47	0.01
315,734	Tullow Oil	735	0.13
Oil Equipment & Services – 0.32%			
32,078	Hunting	267	0.05
145,597	John Wood	1,046	0.19
53,604	Lamprell	36	0.01
60,006	Petrofac	394	0.07
Total Oil & Gas		73,062	13.39
Basic Materials – 7.02% (31/08/17 – 7.51%)			
Chemicals – 0.76%			
27,819	Croda International	1,418	0.26
109,835	Elementis	280	0.05
41,411	Johnson Matthey	1,448	0.26
56,685	Synthomer	321	0.06
11,467	Trealt	55	0.01
18,584	Victrex	589	0.11
9,760	Zotefoams	50	0.01
Forestry & Paper – 0.32%			
80,481	Mondi	1,724	0.32
Industrial Metals – 0.12%			
110,304	Evrax	549	0.10
66,410	Ferrexpo	103	0.02
Mining – 5.82%			
34,706	Acacia Mining	38	0.01
215,845	Anglo American	3,327	0.61
77,441	Antofagasta	624	0.11
454,694	BHP Billiton	7,473	1.37
258,958	Centamin	264	0.05
41,328	Fresnillo	371	0.07
27,782	Gem Diamonds	31	–
2,557,276	Glencore	8,018	1.47
61,110	Hochschild Mining	105	0.02
53,691	Kaz Minerals	250	0.04
18,124	Kenmare Resources	45	0.01
58,136	Lonmin	23	–
192,130	Petra Diamonds	66	0.01
653,199	Petropavlovsk	44	0.01
52,752	Polymetal International	339	0.06
20,231	Randgold Resources	1,016	0.19
251,932	Rio Tinto	9,218	1.69
1,032,434	Sirius Minerals	371	0.07
18,708	Vedanta Resources	156	0.03
Total Basic Materials		38,316	7.02

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 11.21% (31/08/17 – 10.54%)			
Aerospace & Defence – 1.94%			
6,663	Avon Rubber	92	0.02
700,946	BAE Systems	4,246	0.78
64,911	Chemring	127	0.02
535,526	Cobham	666	0.12
173,037	Meggitt	931	0.17
124,621	QinetiQ	338	0.06
364,052	Rolls-Royce	3,659	0.67
89,749	Senior	286	0.05
16,806	Ultra Electronics	270	0.05
Construction & Materials – 1.89%			
155,959	Balfour Beatty	452	0.08
23,215	Boot Henry	63	0.01
25,474	Costain	108	0.02
184,560	CRH	4,712	0.86
51,726	Ferguson	3,195	0.59
46,308	Forterra	127	0.02
88,600	Ibstock	217	0.04
14,147	Keller	147	0.03
21,599	Kier	205	0.04
78,215	Low & Bonar	39	0.01
45,593	Marshalls	206	0.04
8,592	MJ Gleeson	60	0.01
8,981	Morgan Sindall	132	0.02
17,888	Norcros	39	0.01
42,970	Polypipe	159	0.03
5,848	RHI Magnesita	288	0.05
40,843	Tyman	137	0.03
Electronic & Electrical Equipment – 0.65%			
6,799	Dialight	35	0.01
83,306	Halma	1,193	0.22
66,222	Morgan Advanced Materials	225	0.04
12,183	Oxford Instruments	118	0.02
7,350	Renishaw	401	0.07
192,878	Rotork	652	0.12
27,294	Spectris	642	0.12
37,259	TT Electronics	101	0.02
17,576	Xaar	33	0.01
3,335	XP Power	102	0.02
General Industrials – 1.06%			
295,257	Coats Group	245	0.04
36,814	Macfarlane Group	38	0.01
92,046	RPC Group	657	0.12
278,416	Smith (DS)	1,375	0.25
86,994	Smiths Group	1,402	0.26
52,085	Smurfit Kappa	1,630	0.30
45,543	Vesuvius	282	0.05
10,847	Vitec	137	0.03
Industrial Engineering – 1.04%			
39,703	Bodycote International	377	0.07
18,105	Hill & Smith	192	0.04
58,877	IMI	711	0.13
955,505	Melrose Industries	2,129	0.39
63,841	Severfield	49	0.01
16,113	Spirax-Sarco Engineering	1,148	0.21
25,542	Trifast	52	0.01
53,551	Weir	1,004	0.18

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 11.21% (31/08/17 – 10.54%) – continued			
Industrial Transportation – 0.40%			
220,883	BBA	683	0.13
5,753	Clarkson	163	0.03
13,362	Clipper Logistics	42	0.01
9,325	Fisher (James) & Sons	167	0.03
32,336	Gulf Marine Services	15	–
200,075	Royal Mail	896	0.16
69,512	Stobart Group	165	0.03
26,014	Wincanton	61	0.01
Support Services – 4.23%			
52,853	Aggreko	443	0.08
107,101	Ashtead Group	2,530	0.46
109,131	Babcock International	778	0.14
173,761	BCA Marketplace	410	0.08
38,360	Biffa	95	0.02
72,900	Bunzl	1,747	0.32
383,136	Capita	569	0.10
21,059	CMC Markets	36	0.01
50,008	Communis	28	0.01
55,870	Connect	17	–
19,361	DCC	1,347	0.25
24,819	De La Rue	117	0.02
24,282	Diploma	354	0.06
15,912	discoverIE Group	66	0.01
97,657	Electrocomponents	724	0.13
75,310	Equiniti	167	0.03
56,701	Essentra	252	0.05
199,825	Experian	3,836	0.70
342,147	G4S	853	0.16
50,052	Grafton	384	0.07
311,341	Hays	633	0.12
62,379	Homeserve	648	0.12
135,457	Howdens Joinery	667	0.12
46,063	IntegraFin	165	0.03
159,384	International Workplace	383	0.07
35,032	Interserve	23	–
35,351	Intertek	1,814	0.33
23,978	Mears Group	93	0.02
15,305	Menzies (John)	90	0.02
83,320	Mitie Group	124	0.02
30,731	Northgate	126	0.02
71,667	PageGroup	436	0.08
15,062	Paypoint	141	0.03
140,711	Renewi	89	0.02
401,470	Rentokil Initial	1,305	0.24
12,503	Ricardo	98	0.02
15,599	Robert Walters	113	0.02
52,464	RPS	123	0.02
229,225	Serco Group	224	0.04
143,940	SIG	187	0.03
124,463	Speedy Hire	73	0.01
29,145	SThree	103	0.02
57,903	Travis Perkins	666	0.12
4,532	VP	51	0.01
Total Industrials		61,151	11.21

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 13.65% (31/08/17 – 15.94%)			
Automobiles & Parts – 0.03%			
66,015	Gocompare.com	68	0.01
37,565	TI Fluid Systems	108	0.02
Beverages – 2.96%			
20,144	Barr (AG)	141	0.03
60,074	Britvic	490	0.09
43,015	Coca-Cola HBC	1,134	0.21
528,838	Diageo	14,250	2.61
43,386	Stock Spirits	83	0.02
Food Producers – 0.66%			
4,058	Anglo-Eastern Plantations	26	–
76,000	Associated British Foods	1,737	0.32
36,118	Bakkavör	68	0.01
10,725	Cranswick	346	0.06
31,583	Dairy Crest	150	0.03
37,742	Devro	73	0.01
151,091	Greencore Group	263	0.05
14,017	Hilton Food	127	0.02
154,126	Premier Foods	65	0.01
31,254	Purecircle	102	0.02
102,409	Tate & Lyle	687	0.13
Household Goods – 3.03%			
215,404	Barratt Developments	1,167	0.21
28,277	Bellway	825	0.15
27,049	Berkeley	985	0.18
30,657	Bovis Homes	345	0.06
101,347	Countryside Properties	341	0.06
60,035	Crest Nicholson	229	0.04
45,102	DFS Furniture	99	0.02
24,618	Galliford Try	239	0.04
18,482	Headlam	84	0.02
42,118	McBride	55	0.01
122,251	McCarthy & Stone	136	0.02
66,776	Persimmon	1,623	0.30
137,251	Reckitt Benckiser	9,001	1.65
57,713	Redrow	316	0.06
696,775	Taylor Wimpey	1,165	0.21
Leisure Goods – 0.06%			
6,950	Games Workshop	247	0.05
43,815	Photo-Me International	54	0.01
Personal Goods – 2.45%			
91,322	Burberry	2,042	0.38
47,180	PZ Cussons	113	0.02
6,615	Ted Baker	146	0.03
251,365	Unilever	11,039	2.02
Tobacco – 4.46%			
500,160	British American Tobacco	18,613	3.41
208,268	Imperial Brands	5,715	1.05
Total Consumer Goods		74,497	13.65

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Healthcare – 9.03% (31/08/17 – 8.27%)			
Healthcare Equipment & Services – 0.88%			
25,236	Cambian	49	0.01
11,885	Consort Medical	137	0.02
322,879	ConvaTec	689	0.13
9,401	Georgia Healthcare	22	–
18,735	Medica Group	29	0.01
86,340	Mediclinic International	426	0.08
18,639	NMC Health	731	0.13
191,929	Smith & Nephew	2,604	0.48
63,894	Spire Healthcare	110	0.02
Pharmaceuticals & Biotechnology – 8.15%			
277,743	AstraZeneca	16,095	2.95
84,369	BTG	459	0.08
44,577	Circassia	34	0.01
21,636	Dechra Pharmaceuticals	675	0.12
13,991	Genus	398	0.07
1,068,502	GlaxoSmithKline	16,673	3.06
30,530	Hikma Pharmaceuticals	602	0.11
160,528	Indivior	434	0.08
11,456	Oxford Biomedica	100	0.02
32,278	PureTech Health	50	0.01
196,541	Shire	8,840	1.62
155,159	Vectura	124	0.02
Total Healthcare		49,281	9.03
Consumer Services – 11.05% (31/08/17 – 10.46%)			
Food & Drug Retailers – 1.89%			
23,636	Greggs	251	0.05
17,525	McColls Retail	25	–
474,664	Morrison (Wm) Supermarkets	1,250	0.23
120,298	Ocado	1,290	0.24
352,968	Sainsbury (J)	1,144	0.21
98,947	SSP	687	0.12
2,117,761	Tesco	5,218	0.96
56,898	UDG Healthcare	418	0.08
General Retailers – 1.53%			
60,776	AO World	87	0.02
184,723	B&M European Value Retail	762	0.14
72,871	Card Factory	139	0.03
54,663	Carpetright	14	–
225,500	Debenhams	30	0.01
11,416	Dignity	116	0.02
215,102	Dixons Carphone	356	0.07
22,434	Dunelm	117	0.02
13,014	Findel	33	0.01
46,466	Halfords	153	0.03
95,108	Inchcape	658	0.12
77,369	JD Sports Fashion	393	0.07
471,314	Kingfisher	1,288	0.24
75,367	Lookers	79	0.01
352,931	Marks & Spencer	1,064	0.19
13,166	Motorpoint	31	0.01
34,769	N Brown	53	0.01
29,613	Next	1,627	0.30
310,035	Pendragon	77	0.01
100,382	Pets at Home	117	0.02
232,358	Saga	294	0.05
47,377	Sports Direct International	181	0.03
11,474	Superdry	137	0.03
36,891	Topps Tiles	23	–
24,341	WH Smith	502	0.09

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 11.05% (31/08/17 – 10.46%) – continued			
Media – 3.33%			
6,490	4imprint	140	0.03
90,562	Ascential	390	0.07
19,357	Bloomsbury Publishing	44	0.01
80,630	Entertainment One	295	0.05
12,312	Euromoney Institutional Investor	159	0.03
76,106	Huntsworth	91	0.02
273,320	Informa	2,084	0.38
152,955	ITE	128	0.02
812,550	ITV	1,305	0.24
162,358	Merlin Entertainments	604	0.11
121,808	Moneysupermarket.com	346	0.06
170,851	Pearson	1,567	0.29
60,794	Reach	42	0.01
229,219	RELX	3,916	0.72
226,291	Sky	3,486	0.64
7,434	STV	29	0.01
22,077	Tarsus	65	0.01
268,485	WPP	3,433	0.63
Travel & Leisure – 4.30%			
61,974	888 Holdings	144	0.03
38,093	Carnival	1,764	0.32
232,747	Cineworld	721	0.13
347,265	Compass Group	5,758	1.06
110,320	Domino's Pizza	320	0.06
17,990	DP Eurasia	16	–
53,568	easyJet	817	0.15
96,220	Enterprise Inns	150	0.03
251,884	Firstgroup	223	0.04
7,524	Fuller Smith & Turner	71	0.01
10,552	Go-Ahead	177	0.03
64,787	Greene King	315	0.06
119,456	GVC	1,312	0.24
29,681	Gym Group	98	0.02
31,693	Hollywood Bowl	67	0.01
22,981	Hostelworld	60	0.01
41,732	Intercontinental Hotels	1,984	0.36
356,636	International Consolidated Airlines (IAG)	2,464	0.45
146,176	Marston's	135	0.02
27,643	Millennium & Copthorne Hotels	146	0.03
49,324	Mitchells & Butlers	126	0.02
95,272	National Express	377	0.07
24,613	On The Beach	129	0.02
18,176	Paddy Power	1,275	0.23
41,150	Rank Group	71	0.01
45,165	Restaurant Group	132	0.02
32,601	Sportech	21	–
95,090	Stagecoach	155	0.03
328,418	Thomas Cook	274	0.05
94,761	TUI	1,347	0.25
16,334	Wetherspoon (JD)	203	0.04
39,792	Whitbread	1,829	0.34
187,909	William Hill	483	0.09
12,864	Wizz Air Holdings	408	0.07
Total Consumer Services		60,310	11.05

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Telecommunications – 2.67% (31/08/17 – 3.67%)			
Fixed Line Telecommunications – 0.81%			
1,823,800	BT Group	3,963	0.73
118,586	Kcom	116	0.02
153,243	TalkTalk Telecom	196	0.04
13,349	Telecom Plus	137	0.02
Mobile Telecommunications – 1.86%			
102,206	Inmarsat	556	0.10
5,842,513	Vodafone	9,611	1.76
Total Telecommunications		14,579	2.67

Utilities – 2.53% (31/08/17 – 3.10%)

Electricity – 0.59%			
40,097	ContourGlobal	87	0.02
92,432	Drax	353	0.06
221,008	SSE	2,769	0.51
Gas, Water & Multiutilities – 1.94%			
1,228,881	Centrica	1,761	0.32
733,866	National Grid	5,944	1.09
95,999	Penon Group	738	0.14
51,400	Severn Trent	1,028	0.19
148,364	United Utilities	1,100	0.20
Total Utilities		13,780	2.53

Financials – 25.01% (31/08/17 – 26.61%)

Banks – 9.78%			
8,748	Bank of Georgia	145	0.03
3,731,208	Barclays	6,556	1.20
194,310	CYBG	645	0.12
4,402,965	HSBC	29,447	5.40
15,729,916	Lloyds Banking Group	9,326	1.71
19,743	Metro Bank	548	0.10
52,811	OneSavings Bank	219	0.04
988,111	Royal Bank of Scotland	2,383	0.44
592,822	Standard Chartered	3,717	0.68
7,954	TBC Bank	127	0.02
64,723	Virgin Money	247	0.04
Equity Investment Instruments – 4.39%			
44,023	Aberdeen Asian Income	90	0.02
8,325	Aberdeen Asian Smaller Companies Investment Trust	88	0.02
82,500	Aberdeen Diversified Income and Growth	102	0.02
29,189	Aberdeen New Dawn Investment Trust	67	0.01
14,184	Aberdeen New India Investment Trust	68	0.01
34,593	Aberdeen Standard European Logistic Income REIT	38	0.01
19,582	Aberforth Smaller Companies Trust	264	0.05
43,251	Aberforth Split Level Income	40	0.01
38,757	Alcentra European Fund	39	0.01
6,181	Allianz Technology Trust	100	0.02
8,575	Artemis Alpha Trust	28	0.01
19,288	Baillie Gifford Japan Investment Trust	165	0.03
55,845	Baillie Gifford Shin	112	0.02
36,139	Baillie Gifford UK Growth Fund	70	0.01
28,451	Bankers Investment Trust	255	0.05
5,316	BH Global	79	0.01
122,012	Bilfinger Berger Global Infrastructure	181	0.03
12,761	Biotech Growth Trust	107	0.02
37,478	BlackRock Frontiers Investment Trust	54	0.01
23,624	BlackRock Greater European Investment Trust	85	0.02

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 25.01% (31/08/17 – 26.61%) – continued			
Equity Investment Instruments – 4.39% – continued			
9,995	BlackRock Latin American Investment Trust	39	0.01
20,438	BlackRock North American Income Trust	37	0.01
10,093	BlackRock Smaller Companies Investment Trust	148	0.03
16,914	BlackRock Throgmorton Investment Trust	92	0.02
37,318	BlackRock World Mining Investment Trust	133	0.02
26,991	British Empire Securities	205	0.04
7,021	Brunner	55	0.01
1,314	Capital Gearing Trust	54	0.01
20,387	City Merchants High Yield Trust	39	0.01
80,689	City of London Investment Trust 'A'	339	0.06
28,259	Coupland Cardiff Japan Income & Growth Trust	45	0.01
108,207	CQS New City High Yield Fund	65	0.01
55,968	CVC Credit Partners European Opportunities	64	0.01
10,583	Dexion Absolute*	–	–
86,723	Diverse Income Trust	90	0.02
33,475	Dunedin Income Growth Investment Trust	85	0.02
12,711	Dunedin Smaller Companies Investment Trust	38	0.01
27,614	Ecofin Global Utilities & Infrastructure Trust	35	0.01
43,139	Edinburgh Dragon Trust	160	0.03
39,863	Edinburgh Investment Trust	274	0.05
8,706	Edinburgh Worldwide Investment Trust	86	0.02
5,959	Electra Private Equity	54	0.01
9,797	EP Global Opportunities Trust	32	0.01
10,998	European Investment Trust	100	0.02
21,827	F&C Capital & Income Investment Trust	72	0.01
12,707	F&C Global Smaller Companies	186	0.03
121,955	F&C Investment Trust	889	0.16
16,710	F&C Private Equity	56	0.01
14,151	Fidelity Asian Values Investment Trust	58	0.01
88,895	Fidelity China Special Situations Investment Trust	198	0.04
33,891	Fidelity Japanese Values Investment Trust	52	0.01
42,518	Fidelity Special Values	116	0.02
35,963	Finsbury Growth & Income Trust	303	0.06
105,823	Foresight Solar Fund	117	0.02
78,561	Funding Circle SME Income Fund	80	0.01
6,000	Fundsmith Emerging Equities Trust	76	0.01
195,999	GCP Infrastructure Investments	242	0.04
32,610	Genesis Emerging Markets Fund	223	0.04
15,667	Graphite Enterprise Investment Trust	137	0.03
211,317	Greencoat UK Wind	262	0.05
16,648	HarbourVest Global Private Equity	229	0.04
8,605	Henderson Alternative Strategies Trust	24	–
39,568	Henderson Diversified Income	35	0.01
4,699	Henderson European Focus Trust	59	0.01
5,343	Henderson Eurotrust	60	0.01
26,657	Henderson Far East Income	95	0.02
32,162	Henderson High Income	57	0.01
43,321	Henderson International Income Trust	73	0.01
17,557	Henderson Smaller Companies Investment Trust	156	0.03
13,565	Herald Investment Trust	182	0.03
8,068	HG Capital	157	0.03
402,822	HICL Infrastructure	632	0.12
17,225	Highbridge Multi-Strategy Fund	39	0.01
27,387	ICG-Longbow Senior Secured UK Property	28	0.01
37,602	Impax Environmental Markets	103	0.02
7,328	Independent Investment Trust	50	0.01
9,263	International Biotechnology Investment Trust	63	0.01
17,761	Invesco Asia Trust	49	0.01

Royal London UK All Share Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 25.01% (31/08/17 – 26.61%) – continued			
Equity Investment Instruments – 4.39% – continued			
14,108	Invesco Income Growth Investment Trust	39	0.01
8,540	Invesco Perpetual UK Smaller Companies Investment Trust	45	0.01
170,128	John Laing Infrastructure Fund	248	0.05
11,518	JP Morgan US Smaller Companies Trust	38	0.01
22,761	JPMorgan Asian Investment Trust	78	0.01
19,275	JPMorgan Chinese Investment Trust	51	0.01
12,528	JPMorgan Claverhouse Investment Trust	95	0.02
28,460	JPMorgan Emerging Markets Investment Trust	245	0.04
17,554	JPMorgan European Investment Trust	53	0.01
21,441	JPMorgan European Investment Trust Income	34	0.01
37,197	JPMorgan European Smaller Companies	152	0.03
50,936	JPMorgan Global Convertibles Income Fund	47	0.01
65,314	JPMorgan Global Emerging Markets Fund	78	0.01
24,224	JPMorgan Indian Investment Trust	174	0.03
30,734	JPMorgan Japanese Investment Trust	140	0.03
12,098	JPMorgan Japanese Smaller Companies Investment Trust	52	0.01
5,398	JPMorgan Mid Capital Investment Trust	64	0.01
27,199	JPMorgan Overseas Investment Trust	89	0.02
12,423	JPMorgan Russian Securities	62	0.01
3,719	JPMorgan Smaller Companies Investment Trust	44	0.01
24,622	Jupiter European Opportunities Investment Trust	218	0.04
94,965	Jupiter Fund Management	398	0.07
5,040	Jupiter US Smaller Companies	56	0.01
3,024	Keystone Investment Trust	51	0.01
27,028	Law Debenture	164	0.03
41	Lindsell Train Investment Trust	47	0.01
6,364	Lowland Investment Company	96	0.02
6,211	Majedie Investment Trust	18	–
8,421	Martin Currie Asia Unconstrained Trust	32	0.01
20,415	Martin Currie Global Portfolio	53	0.01
26,395	Merchants Trust	131	0.02
8,347	Mid Wynd International Investment Trust	45	0.01
28,179	Middlefield Canadian Income Trust	29	0.01
47,451	Monks Investment Trust	397	0.07
3,569	Montanaro European Smaller Companies Trust	34	0.01
15,249	Murray Income Trust	118	0.02
25,849	Murray International Investment Trust	293	0.05
173,810	NB Global Floating Rate Income Fund	161	0.03
11,139	NB Private Equity Partners	126	0.02
131,221	NextEnergy Solar Fund	142	0.03
2,598	North Atlantic Smaller Companies	79	0.01
29,681	Pacific Assets	81	0.01
14,086	Pacific Horizon	48	0.01
11,279	Pantheon International	235	0.04
55,707	Perpetual Income & Growth Investment Trust	201	0.04
51,097	Pershing Square Holdings	607	0.11
437	Personal Assets Investment Trust	175	0.03
125,727	Picton Property Income	116	0.02
37,072	Polar Capital Global Financials Trust	52	0.01
30,565	Polar Capital Global Healthcare Growth & Income Trust	68	0.01
28,057	Polar Capital Technology Trust	386	0.07
3,953	Ranger Direct Lending Fund	31	0.01
17,738	Real Estate Credit Investments	30	0.01
203,675	Renewables Infrastructure	224	0.04
28,550	RIT Capital Partners	592	0.11

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 25.01% (31/08/17 – 26.61%) – continued			
Equity Investment Instruments – 4.39% – continued			
12,842	Riverstone Energy	163	0.03
39,009	Ruffer	90	0.02
39,123	Schroder Asia Pacific Fund	173	0.03
23,406	Schroder Asian Total Return Investment Company	84	0.02
15,772	Schroder Income Growth Fund	47	0.01
30,719	Schroder Japan Growth Investment Trust	64	0.01
51,937	Schroder Oriental Income Fund	130	0.02
8,122	Schroder UK Mid Cap Fund	44	0.01
31,087	Scottish American Investment Trust	119	0.02
15,738	Scottish Investment Trust	137	0.03
305,438	Scottish Mortgage Investment Trust	1,707	0.31
7,504	Scottish Oriental Smaller Companies	76	0.01
27,390	Securities Trust of Scotland	48	0.01
194,668	Sequoia Economic Infrastructure Income Fund	213	0.04
26,374	SQN Asset Finance Income Fund	24	–
9,994	Standard Life Equity Income	48	0.01
18,675	Standard Life European	62	0.01
15,171	Standard Life UK Smaller Companies	78	0.01
85,787	Starwood European Real Estate	93	0.02
15,771	Strategic Equity Capital	35	0.01
14,386	Temple Bar Investment Trust	183	0.03
56,897	Templeton Emerging Markets Investment Trust	401	0.07
75,267	The Alliance Trust	584	0.11
6,426	The North American Income Trust	89	0.02
11,405	TR European Growth Trust	113	0.02
74,629	TR Property Investment	315	0.06
72,495	Troy Income & Growth Trust	56	0.01
85,712	TwentyFour Income	105	0.02
31,513	Twentyfour Select Monthly Income Fund	30	0.01
39,298	Utilico Emerging Markets	81	0.01
11,295	Value & Income Trust	30	0.01
45,160	Vietnam Enterprise Investments	204	0.04
41,695	VinaCapital Vietnam Opportunity Fund	141	0.03
38,855	Witan Investment Trust	435	0.08
14,988	Witan Pacific Investment Trust	48	0.01
192,968	Woodford Patient Capital Trust	156	0.03
11,434	Worldwide Healthcare Trust	328	0.06
Financial Services – 2.94%			
209,290	3i Group	1,874	0.34
147,737	AA	165	0.03
53,242	Allied Minds	41	0.01
55,928	Apax Global Alpha	77	0.01
33,102	Arrow Global	83	0.02
79,038	Ashmore	281	0.05
59,256	Brewin Dolphin	215	0.04
19,743	Carr's Milling Industries	28	0.01
13,937	Charles Taylor Consulting	39	0.01
30,369	Charter Court Financial Services	109	0.02
3,895	City of London Investment	15	–
34,477	Close Brothers	550	0.10
8,748	Georgia	90	0.02
57,679	Hargreaves Lansdown	1,268	0.23
81,077	IG Group	733	0.13
63,866	Intermediate Capital	670	0.12
50,748	International Personal Finance	112	0.02

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 25.01% (31/08/17 – 26.61%) – continued			
Financial Services – 2.94% – continued			
322,128	International Public Partnership	503	0.09
142,059	Investec	719	0.13
227,779	IP	296	0.05
112,235	John Laing	353	0.06
18,491	JTC	70	0.01
10,198	Liontrust Asset Management	66	0.01
68,783	London Stock Exchange	3,181	0.58
363,046	Man Group	624	0.11
70,362	NEX Group	740	0.14
57,996	Paragon Group	270	0.05
15,771	Princess Private Equity	142	0.03
56,757	Provident Financial	388	0.07
379,607	Quilter	535	0.10
11,450	Rathbone Brothers	302	0.06
769	S & U	19	–
30,605	Sanne	188	0.03
25,006	Schroders	769	0.14
89,518	Syncona	238	0.04
122,819	TP ICAP	350	0.06
82,582	VPC Specialty Lending Investments	66	0.01
38,070	XPS Pension Group	66	0.01
Life Insurance – 3.99%			
876,533	Aviva	4,251	0.78
34,861	Chesnara	132	0.02
224,773	Just Group	204	0.04
1,293,433	Legal & General	3,288	0.60
132,153	Phoenix	938	0.17
567,751	Prudential	9,850	1.81
113,205	St James's Place Capital	1,281	0.23
593,741	Standard Life	1,882	0.34
Non-Life Insurance – 1.14%			
44,448	Admiral	925	0.17
119,381	Beazley	709	0.13
299,287	Direct Line Insurance	989	0.18
66,015	Esure	184	0.03
71,401	Hastings	193	0.04
60,775	Hiscox	1,023	0.19
27,761	Jardine Lloyd Thompson	400	0.07
47,705	Lancashire	290	0.05
224,449	RSA Insurance	1,416	0.26
29,824	Sabre Insurance	83	0.02
Real Estate Investment Services – 1.16%			
125,234	3i Infrastructure	310	0.06
42,032	Baillie Gifford US Growth Trust	56	0.01
65,115	BB Healthcare Trust	95	0.02
2,879	BH Macro	63	0.01
7,431	Caledonia Investments	211	0.04
169,801	Capital & Counties Properties	439	0.08
33,550	CLS	76	0.01
81,221	Countrywide	9	–
1,167	Daejan Holdings	68	0.01
123,358	F&C Commercial Property Trust	182	0.03
97,122	Fidelity European Values	227	0.04
62,824	Foxtons	33	0.01
60,133	GCP Asset Backed Income Fund	63	0.01
83,057	Grainger	255	0.05
59,333	Great Portland Estates	428	0.08
23,767	Helical Bar	81	0.01
69,762	John Laing Environmental Assets	73	0.01

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 25.01% (31/08/17 – 26.61%) – continued			
Real Estate Investment Services – 1.16% – continued			
46,589	JPMorgan American Investment Trust	217	0.04
156,291	Land Securities	1,432	0.26
21,114	LSL Property Services	60	0.01
39,117	LXI REIT	44	0.01
13,008	Macau Property Opportunities Fund	24	–
42,830	Montanaro UK Smaller Companies Trust	52	0.01
18,116	P2P Global Investments	140	0.03
10,573	Palace Capital	33	0.01
150,642	Raven Property Group	60	0.01
30,315	Savills	242	0.04
222,940	Sirius Real Estate	129	0.02
76,080	SQN Asset Finance Income Fund	72	0.01
40,652	St Modwen Properties	160	0.03
169,209	The Mercantile Investment Trust	366	0.07
28,132	U and I	64	0.01
147,655	UK Commercial Property REIT	132	0.02
59,369	Unite Group	526	0.10
Real Estate Investment Trusts – 1.61%			
549,005	Assura REIT	301	0.06
30,406	Big Yellow REIT	286	0.05
215,046	British Land REIT	1,366	0.25
146,231	Capital & Regional	67	0.01
73,212	Civitas Social Housing	78	0.01
74,947	Civitas Social Housing REIT	74	0.01
87,733	Custodian REIT	106	0.02
23,116	Derwent London REIT	703	0.13
46,114	Ediston Property Investment Company	51	0.01
134,970	Empiric Student Property	133	0.02
55,482	F&C UK Real Estate	54	0.01
89,563	GCP Student Living	137	0.03
175,632	Hammerson REIT	827	0.15
99,568	Hansteen Holdings REIT	99	0.02
209,318	Intu Properties REIT	330	0.06
137,895	LondonMetric Property	254	0.05
18,280	McKay Securities REIT	50	0.01
87,615	MedicX REIT	68	0.01
62,076	NewRiver Retail REIT	165	0.03
18,710	Phoenix Spree REIT	70	0.01
147,589	Primary Health Properties REIT	167	0.03
332,074	Redefine International	112	0.02
58,519	Regional REIT	56	0.01
42,850	Residential Secure REIT	41	0.01
47,698	Safestore Holdings REIT	253	0.05
25,080	Schroder European REIT	28	0.01
119,673	Schroder Real Estate Investment Trust	78	0.01
222,282	SEGRO REIT	1,463	0.27
48,604	Shaftesbury REIT	449	0.08
75,531	Standard Life Investments Property Income Trust	71	0.01
66,965	Target Healthcare REIT	77	0.01
5,290	Town Centre Securities REIT	14	–
48,305	Triple Point Social Housing REIT	52	0.01
342,245	Tritax Big Box REIT	516	0.09
24,968	Workspace REIT	266	0.05
Total Financials		136,472	25.01

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Technology – 1.42% (31/08/17 – 1.40%)			
Software & Computer Services – 1.39%			
23,285	Alfa Financial Software	39	0.01
205,247	Auto Trader	921	0.17
13,868	Aveva Group	394	0.07
16,200	Computacenter	219	0.04
19,462	FDM	184	0.03
126,424	Just Eat	969	0.18
13,722	Kainos	53	0.01
93,844	Micro Focus International	1,225	0.22
14,504	Microgen	61	0.01
60,790	NCC	134	0.02
62,737	Playtech	334	0.06
196,090	Rightmove	965	0.18
236,043	Sage	1,405	0.26
18,555	SDL	88	0.02
24,759	Softcat	210	0.04
71,695	Sophos	376	0.07
Technology Hardware & Equipment – 0.03%			
54,421	Nanoco	21	–
139,103	Spirent Communications	164	0.03
Total Technology		7,762	1.42
Futures – (0.06)% (31/08/17 – 0.01%)			
221	ICF FTSE® 100 Index Future September 2018	(376)	(0.06)
Total Futures		(376)	(0.06)
Total value of investments*		528,834	96.92
Net other assets		16,814	3.08
Total net assets		545,648	100.00

* Including investment liabilities.

+ Value less than £1,000

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 AUGUST 2018

Significant Purchases

	Cost £'000
Royal Dutch Shell 'A' (GBP)	2,041
HSBC	1,931
BP	1,486
British American Tobacco	1,384
Micro Focus International	1,314
Royal Dutch Shell 'B'	1,167
Royal Bank of Scotland	922
GlaxoSmithKline	914
Diageo	793
AstraZeneca	781
Subtotal	12,733
Total cost of purchases, including the above, for the year	40,415

Significant Sales

	Proceeds £'000
HSBC	2,873
Royal Dutch Shell 'A' (GBP)	2,711
BP	2,030
British American Tobacco	1,972
Royal Dutch Shell 'B'	1,921
Worldpay	1,861
Old Mutual	1,741
Diageo	1,679
GlaxoSmithKline	1,416
Rio Tinto	1,391
Subtotal	19,595
Total proceeds from sales, including the above, for the year	60,139

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		4,702	51,369
Revenue	3	21,534		20,818
Expenses	4	(786)		(747)
Net revenue before taxation		20,748		20,071
Taxation	5	(100)		(35)
Net revenue after taxation			20,648	20,036
Total return before distributions			25,350	71,405
Distributions	6		(19,852)	(18,207)
Change in net assets attributable to shareholders from investment activities			5,498	53,198

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		551,151	507,501
Amounts receivable on creation of shares	43,688		22,107
Amounts payable on cancellation of shares	(74,020)		(49,614)
		(30,332)	(27,507)
Stamp duty reserve tax reimbursement		2	–
Change in net assets attributable to shareholders from investment activities		5,498	53,198
Retained distribution on accumulation shares		19,329	17,959
Closing net assets attributable to shareholders		545,648	551,151

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		529,210	544,380
Current assets:			
Debtors	7	6,037	4,157
Cash and bank balances	8	10,881	2,833
Total assets		546,128	551,370
LIABILITIES			
Investment liabilities		376	–
Creditors:			
Distribution payable		–	46
Other creditors	9	104	173
Total liabilities		480	219
Net assets attributable to shareholders		545,648	551,151

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	4,481	50,094
Derivative securities	231	1,280
Currency (losses)/gains	(4)	1
Activity fees	(6)	(6)
Net capital gains	4,702	51,369

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	18,114	17,389
Overseas dividends	2,131	1,193
Property investment income (PID)	344	324
Bank interest	31	4
Stock lending income	118	79
Stock dividends	796	1,829
Total revenue	21,534	20,818

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	569	540
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	55	52
Safe custody fees	10	9
	65	61
Other expenses:		
Registrar's fees	49	47
Audit fee	13	13
FTSE® licence fee	66	61
Service charges	20	20
Printing & stationery fee	2	3
Legal fee	2	2
	152	146
Total expenses	786	747

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable income tax	1	–
Irrecoverable overseas tax	99	35
Current tax charge for the year	100	35

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	20,748	20,071
Corporation tax at 20% (31/08/17: 20%)	4,150	4,014
Effects of:		
Revenue not subject to taxation	(4,209)	(4,082)
Current year expenses not utilised	59	68
Irrecoverable overseas tax	99	35
Irrecoverable income tax	1	–
Current tax charge for the year	100	35

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £629,000 (31/08/17: £570,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	6,966	6,749
Final	12,363	11,210
	19,329	17,959
Income shares		
Interim	–	27
Final	–	46
	–	73
	19,329	18,032
Add: Amounts deducted on cancellation of shares	877	351
Deduct: Amounts received on the creation of shares	(354)	(176)
Net distributions for the year	19,852	18,207

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

Net revenue after taxation	20,648	20,036
Stock dividend charged to capital	(796)	(1,829)
Net distributions for the year	19,852	18,207

Details of the distribution per share are set out on page 105.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	1,935	22
Accrued revenue	4,026	4,106
Withholding tax recoverable	73	26
Income tax recoverable	3	3
Total debtors	6,037	4,157

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	9,995	2,489
Amounts held at futures clearing houses and brokers	886	344
Total cash and bank balances	10,881	2,833

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	–	72
Accrued expenses	104	101
Total other creditors	104	173

10. Reconciliation of number of shares

	Class Z Accumulation	Class Z Income
Opening shares at 01/09/17	277,733,342	1,977,634
Shares issued	21,193,376	221,337
Shares cancelled	(36,179,488)	(53,545)
Shares converted	1,221,276	(2,145,426)
Closing shares at 31/08/18	263,968,506	–

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due from/(to) Royal London Unit Trust Managers Limited in respect of these transactions was £1,888,000 (31/08/17: £96,000).

At the year end, 31 August 2018, 65.65% (31/08/17: 66.63%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £30,000 (Gross: £148,000) (31/08/17: £20,000 (Gross: £99,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £20,030,000 (31/08/17: £28,306,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	19,506	26,051
Bonds	2,693	3,797

The aggregate value of collateral held at the balance sheet date was £22,199,000 (31/08/17: £29,848,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were ABN Amro Bank, Bank of Nova Scotia, Credit Suisse Securities (Europe) Limited, Goldman Sachs, HSBC Bank, JP Morgan Securities, Macquarie Bank, Natixis, Santander, Societe Generale and UBS.

14. Financial derivatives

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

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

Details of the individual contracts are shown on the portfolio statement on pages 89 to 95.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 98. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	543,844	548,482
Euro	110	927
US dollar	1,694	1,742
Total	545,648	551,151

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £180,000 (31/08/17: £267,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £180,000 (31/08/17: £267,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £52,883,000 (31/08/17: £54,438,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £52,883,000 (31/08/17: £54,438,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £9,995,000 (31/08/17: £2,489,000) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	38,838	1	–	173	0.45	2	0.01	39,014
Corporate actions	1,401	–	–	–	–	–	–	1,401
Total	40,239	1		173		2		40,415

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	56,535	2	–	–	–	1	–	56,532
Corporate actions	3,607	–	–	–	–	–	–	3,607
Total	60,142	2		–		1		60,139

The Fund had paid £5,290 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions 0.00%

Taxes 0.03%

Other expenses 0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	53,548	1	–	244	0.46	1	–	53,794
Corporate actions	1,399	–	–	–	–	–	–	1,399
Total	54,947	1		244		1		55,193

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	32,753	3	0.01	–	–	–	–	32,750
Corporate actions	16,815	–	–	–	–	–	–	16,815
Total	49,568	3		–		–		49,565

The Fund had paid £5,661 as commission on purchases and sales derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions 0.00%

Taxes 0.05%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.09% (31/08/17: 0.09%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	504,025	–	–	504,025
Pooled investment vehicles	25,185	–	–	25,185
Total	529,210	–	–	529,210
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(376)	–	–	(376)
Total	(376)	–	–	(376)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	521,476	–	–	521,476
Pooled investment vehicles	22,833	–	–	22,833
Derivatives	71	–	–	71
Total	544,380	–	–	544,380

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class Z Accumulation				
Group 1	2.4144	–	2.4144	2.2909
Group 2	1.0984	1.3160	2.4144	2.2909
Class Z Income*				
Group 1	–	–	–	1.3479
Group 2	–	–	–	1.3479

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class Z Accumulation				
Group 1	4.6834	–	4.6834	4.0363
Group 2	1.7957	2.8877	4.6834	4.0363
Class Z Income*				
Group 1	–	–	–	2.3455
Group 2	–	–	–	2.3455

* From 25 January 2018 shareholders in Class Z Income converted into Class Z Accumulation.

MANAGERS' INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year return %	3 year return %	5 year return %
Royal London US Tracker Fund, Class Z Accumulation (Total return)	18.46	79.93	125.80
FTSE® USA Index (Capital return)	16.36	73.58	110.72

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This, along with the impact of income and the charges associated with the Fund, accounts for the majority of the difference between the performance of the Fund and the FTSE® USA Index.

The tracking error between the Royal London US Tracker Fund and the FTSE® USA Index was 0.06% during the past 12 months. This is below the anticipated tracking error range of 0.20% to 0.30%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs, optimisation and the use of index futures to manage cashflows.

Market and Portfolio Commentary

The Fund aims to achieve the capital return of the FTSE® USA Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Symon Bradford
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLE

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	310.37	263.81	203.04
Return before operating charges*	56.45	47.23	61.28
Operating charges	(0.74)	(0.67)	(0.51)
Return after operating charges*	55.71	46.56	60.77
Distributions on accumulation shares	(4.44)	(4.22)	(3.65)
Retained distributions on accumulation shares	4.44	4.22	3.65
Closing net asset value per share	366.08	310.37	263.81
* after direct transaction costs of:	0.01	0.00	0.00
Performance			
Return after charges	17.95%	17.65%	29.93%
Other information			
Closing net asset value (£'000)	5,738,312	4,657,964	3,927,986
Closing number of shares	1,567,492,843	1,500,761,172	1,488,969,128
Operating charges	0.23%	0.23%	0.23%
Direct transaction costs	0.00%	0.00%	0.00%
Prices[^]			
Highest share price	368.70	314.20	268.80
Lowest share price	297.50	255.30	195.10

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 99.46% (31/08/17 – 93.16%)			
UNITED STATES – 96.27% (31/08/17 – 89.44%)			
Oil & Gas – 5.64% (31/08/17 – 5.14%)			
Oil & Gas Producers – 4.83%			
153,665	Anadarko Petroleum	7,613	0.13
41,787	Andeavor	4,913	0.09
68,651	Antero Resources Corporation	978	0.02
111,507	Apache	3,759	0.07
119,003	Baker Hughes, a GE Company 'A'	3,018	0.05
133,641	Cabot Oil & Gas	2,451	0.04
1,734	California Resources Corporation	55	–
61,282	Cheniere Energy	3,155	0.05
553,784	Chevron	50,476	0.88
27,219	Cimarex Energy Com	1,769	0.03
1,304	Cobalt International Energy*	–	–
45,457	Concho Resources	4,795	0.08
339,284	Conoco Phillips	19,163	0.33
29,463	Continental Resources	1,495	0.03
153,836	Devon Energy	5,081	0.09
30,764	Diamondback Energy	2,866	0.05
167,807	EOG Resources	15,263	0.27
72,730	EQT Corporation	2,854	0.05
1,230,317	Exxon Mobil	75,849	1.32
80,715	Hess	4,181	0.07
48,243	HollyFrontier	2,766	0.05
258,396	Marathon Oil Corporation	4,276	0.07
133,679	Marathon Petroleum Corporation	8,464	0.15
48,979	Murphy Oil	1,162	0.02
61,136	Newfield Exploration	1,283	0.02
141,599	Noble Energy	3,237	0.06
223,072	Occidental Petroleum	13,706	0.24
121,088	Phillips 66	11,040	0.19
50,566	Pioneer Natural Resources	6,797	0.12
6,330	QEP Resources	49	–
66,947	Range Resources	846	0.01
68,449	Targa Resources	2,901	0.05
125,245	Valero Energy	11,360	0.20
Oil Equipment & Services – 0.81%			
1,434	Diamond Offshore Drilling	19	–
258,131	Halliburton	7,920	0.14
30,674	Helmerich & Payne	1,547	0.03
567,872	Kinder Morgan	7,729	0.13
112,496	National-Oilwell	4,073	0.07
402,070	Schlumberger	19,532	0.34
13,879	Transocean	129	–
247,279	Williams Companies	5,628	0.10
Total Oil & Gas		324,198	5.64

Basic Materials – 1.98% (31/08/17 – 1.99%)

Chemicals – 1.59%			
63,031	Air Products & Chemicals	8,065	0.14
32,968	Albemarle	2,423	0.04
19,362	Ashland Global Holdings	1,254	0.02
25,653	Avery Dennison	2,076	0.04
40,400	Celanese 'A'	3,631	0.06
68,813	CF Industries Holdings	2,750	0.05
674,617	DowDuPont	36,384	0.63
42,230	Eastman Chemicals	3,152	0.05
72,441	Ecolab	8,386	0.15
38,478	FMC	2,530	0.04

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Basic Materials – 1.98% (31/08/17 – 1.99%) – continued			
Chemicals – 1.59% – continued			
23,309	International Flavors & Fragrances	2,336	0.04
72,866	PPG Industries	6,196	0.11
81,563	Praxair	9,922	0.17
101,299	The Mosaic Company	2,436	0.04
9,956	Westlake Chemical	724	0.01
Forestry & Paper – 0.08%			
119,806	International Paper	4,713	0.08
Industrial Metals – 0.21%			
130,340	Arconic	2,244	0.04
420,932	Freeport – McMoRan	4,547	0.08
93,842	Nucor	4,512	0.08
24,202	Southern Copper	813	0.01
Mining – 0.10%			
53,784	Alcoa Upstream Corporation	1,848	0.03
160,269	Newmont Mining	3,829	0.07
Total Basic Materials		114,771	1.98

Industrials – 10.31% (31/08/17 – 9.87%)

Aerospace & Defence – 2.36%			
159,475	Boeing	42,046	0.73
75,417	General Dynamics	11,221	0.20
12,886	Huntington Ingalls Industries	2,424	0.04
22,818	L-3 Communications	3,752	0.07
71,837	Lockheed Martin	17,708	0.31
46,641	Northrop Grumman	10,713	0.19
82,815	Raytheon	12,701	0.22
41,626	Rockwell Collins	4,350	0.08
75,018	Textron	3,983	0.07
14,340	TransDigm	3,860	0.07
217,240	United Technologies	22,009	0.38
Construction & Materials – 0.46%			
12,764	Acuity Brands	1,501	0.03
43,688	Fluor New	1,930	0.03
42,003	Fortune Brands Home & Security	1,712	0.03
39,214	Jacobs Engineering	2,192	0.04
18,398	Martin Marietta Materials	2,813	0.05
90,253	Masco	2,636	0.05
52,657	MDU Resources	1,130	0.02
24,132	Sherwin-Williams	8,459	0.15
1,230	TopBuild	59	–
38,503	Vulcan Materials	3,282	0.06
Electronic & Electrical Equipment – 0.81%			
93,566	Agilent Technologies	4,860	0.08
63,849	Ametek	3,778	0.07
86,406	Amphenol Corporation 'A'	6,287	0.11
23,341	Arrow Electronics	1,392	0.02
32,907	Avnet	1,225	0.02
181,891	Emerson Electric	10,736	0.19
11,041	IPG Photonics Corporation	1,491	0.03
46,576	Jabil Circuit	1,059	0.02
56,183	Keysight Technologies	2,804	0.05
7,268	Mettler Toledo International	3,268	0.06
29,643	Roper Technologies	6,804	0.12
72,924	Trimble Navigation	2,362	0.04
General Industrials – 2.13%			
167,370	3M Company	27,144	0.47
101,620	Ball Corporation	3,274	0.06
27,001	Bemis	1,024	0.02

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Industrials – 10.31% (31/08/17 – 9.87%) – continued			
General Industrials – 2.13% – continued			
179,535	Danaher	14,299	0.25
129,340	Eaton	8,272	0.14
91,011	Fortive	5,881	0.10
2,500,346	General Electric	24,874	0.43
215,125	Honeywell International	26,325	0.46
26,640	Packaging Corporation of America	2,253	0.04
39,523	Parker-Hannifin	5,340	0.09
43,852	Sealed Air	1,353	0.02
73,788	Westrock Company	3,127	0.05
Industrial Engineering – 1.10%			
24,101	Apergy Corporation	838	0.01
167,547	Caterpillar	17,899	0.31
43,328	Cummins	4,727	0.08
93,240	Deere & Co	10,316	0.18
45,202	Dover	2,986	0.05
36,527	Flowserve	1,465	0.03
92,599	Illinois Tool Works	9,893	0.17
100,860	Paccar	5,309	0.09
35,960	Rockwell Automation	5,006	0.09
25,269	Wabtec Corporation	2,106	0.04
52,306	Xylem Incorporated	3,055	0.05
Industrial Transportation – 1.72%			
40,858	CH Robinson Worldwide	3,020	0.05
241,339	CSX	13,768	0.24
50,894	Expeditors International	2,869	0.05
72,139	Fedex	13,539	0.24
25,715	Hunt (JB) Transport Services	2,388	0.04
29,863	Kansas City Southern	2,664	0.05
81,755	Norfolk Southern	10,929	0.19
16,683	Old Dominion Freight Line	1,956	0.03
223,100	Union Pacific	25,843	0.45
200,613	United Parcel Services 'B'	18,955	0.33
36,681	XPO Logistics	3,005	0.05
Support Services – 1.73%			
14,103	Alliance Data Systems	2,589	0.05
71,731	Aramark Corporation	2,268	0.04
128,514	Automatic Data Processing	14,508	0.25
34,332	Broadridge Financial Solutions	3,569	0.06
36,858	CDK Global	1,766	0.03
25,553	Cintas	4,196	0.07
10,708	Costar Group	3,643	0.06
84,628	Fastenal	3,800	0.07
80,535	Fidelity National Financial Ventures	2,484	0.04
94,928	Fidelity National Information	7,898	0.14
119,695	Fiserv	7,373	0.13
26,688	FleetCor Technologies	4,386	0.08
46,281	Global Payments	4,436	0.08
13,128	Grainger	3,576	0.06
19,303	Manpower	1,392	0.02
95,205	Paychex	5,365	0.09
64,425	Republic Services	3,635	0.06
34,716	Robert Half International	2,088	0.04
23,936	Stericycle	1,136	0.02
52,288	Total Systems Services	3,907	0.07
24,515	United Rentals	2,940	0.05
44,772	Verisk Analytics	4,102	0.07
125,024	Waste Management	8,742	0.15
Total Industrials		592,048	10.31

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 7.56% (31/08/17 – 8.84%)			
Automobiles & Parts – 0.77%			
25,653	Autoliv	1,758	0.03
62,525	BorgWarner	2,105	0.04
1,126,648	Ford Motor	8,209	0.14
380,168	General Motors	10,541	0.18
76,240	Gentex	1,371	0.02
40,964	Genuine Parts	3,147	0.05
72,014	Goodyear Tire & Rubber	1,257	0.02
47,859	Harley-Davidson	1,569	0.03
19,680	Lear Corporation	2,457	0.04
90,259	LKQ	2,397	0.04
39,411	Tesla Motors	9,147	0.16
27,664	Veoneer	1,063	0.02
Beverages – 1.61%			
75,227	Brown-Forman 'B'	3,022	0.05
1,106,732	Coca-Cola	37,943	0.66
46,069	Constellation Brands	7,373	0.13
52,273	Molson Coors Brewing 'B'	2,684	0.05
118,959	Monster Beverage Corporation	5,572	0.10
410,397	PepsiCo	35,361	0.62
Food Producers – 1.09%			
164,985	Archer Daniels Midland	6,395	0.11
52,218	Campbell Soup	1,585	0.03
111,506	ConAgra Foods	3,152	0.05
169,751	General Mills	6,009	0.10
41,365	Hershey	3,199	0.06
78,742	Hormel Foods	2,371	0.04
20,855	Ingredion	1,621	0.03
33,014	JM Smucker	2,625	0.05
72,278	Kellogg	3,991	0.07
173,096	Kraft Heinz	7,760	0.14
43,014	Lamb Weston Holdings	2,237	0.04
35,705	McCormick	3,430	0.06
418,839	Mondelez International 'A'	13,763	0.24
87,455	Tyson Foods 'A'	4,226	0.07
Household Goods – 1.43%			
73,932	Church & Dwight	3,218	0.06
37,759	Clorox	4,212	0.07
104,737	DR Horton	3,587	0.06
93,954	Jefferies Financial Group	1,678	0.03
37,096	Leggett & Platt	1,297	0.02
71,954	Lennar	2,860	0.05
1,002	Lennar 'B'	33	–
17,472	Mohawk Industries	2,575	0.04
133,788	Newell Brands	2,236	0.04
979	NVR	2,010	0.04
730,558	Procter & Gamble	46,613	0.81
71,007	PulteGroup	1,527	0.03
16,555	Snap-on	2,252	0.04
45,111	Stanley Black & Decker	4,877	0.08
44,967	Toll Brothers	1,253	0.02
21,304	Whirlpool	2,049	0.04
Leisure Goods – 0.50%			
219,031	Activision	12,148	0.21
88,484	Electronic Arts	7,720	0.13
34,088	Hasbro	2,604	0.05
98,569	Mattel	1,170	0.02
17,552	Polaris Industries	1,465	0.03
32,378	Take Two Interactive	3,327	0.06

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 7.56% (31/08/17 – 8.84%) – continued			
Personal Goods – 1.26%			
244,714	Colgate-Palmolive	12,502	0.22
135,454	Coty	1,289	0.02
63,631	Estee Lauder 'A'	6,861	0.12
107,820	Hanesbrands	1,455	0.03
100,479	Kimberly-Clark	8,931	0.16
28,866	Lululemon Athletica	3,441	0.06
40,407	Michael Kors	2,258	0.04
364,527	Nike 'B'	23,045	0.40
22,416	PVH Corporation	2,469	0.04
16,590	Ralph Lauren	1,695	0.03
47,869	Under Armour 'A'	753	0.01
55,302	Under Armour 'C'	807	0.01
95,983	VF	6,803	0.12
Tobacco – 0.90%			
549,215	Altria	24,715	0.43
451,319	Philip Morris International	27,039	0.47
Total Consumer Goods		434,114	7.56

Healthcare – 12.45% (31/08/17 – 11.90%)

Healthcare Equipment & Services – 4.75%

88,055	Aetna New	13,560	0.24
23,354	Align Technology	6,944	0.12
74,375	Anthem	15,150	0.26
145,934	Baxter International	8,349	0.15
77,851	Becton Dickinson	15,684	0.27
399,115	Boston Scientific	10,916	0.19
52,625	Centene	5,930	0.10
68,145	Cigna	9,873	0.17
40,233	DaVita	2,144	0.04
64,021	Dentsply Sirona	1,966	0.03
61,150	Edwards Lifesciences	6,785	0.12
163,827	Express Scripts 'A'	11,093	0.19
80,737	HCA Holdings	8,330	0.15
45,597	Henry Schein	2,725	0.05
80,877	Hologic	2,473	0.04
39,919	Humana	10,234	0.18
25,303	Idexx Laboratories	4,945	0.09
32,507	Intuitive Surgical	14,006	0.24
30,661	Laboratory Corporation Of America	4,078	0.07
41,255	Quest Diagnostics	3,490	0.06
42,413	ResMed	3,635	0.06
99,317	Stryker	12,946	0.23
13,017	Teleflex	2,478	0.04
14,077	The Cooper Companies	2,770	0.05
116,373	Thermo Fisher Scientific	21,407	0.37
277,880	UnitedHealth	57,346	1.00
24,660	Universal Health Services 'B'	2,469	0.04
26,852	Varian Medical Systems	2,314	0.04
22,654	Waters	3,302	0.06
60,809	Zimmer Biomet	5,784	0.10

Pharmaceuticals & Biotechnology – 7.70%

499,150	Abbott Laboratories	25,665	0.45
461,915	Abbvie	34,107	0.59
63,190	Alexion Pharmaceuticals	5,942	0.10
98,883	Allergan	14,583	0.25
26,316	Alnylam Pharmaceuticals	2,483	0.04
192,510	Amgen	29,593	0.52
61,309	Biogen IDEC	16,672	0.29
52,354	BioMarin Pharmaceutical	4,027	0.07

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Healthcare – 12.45% (31/08/17 – 11.90%) – continued			
Pharmaceuticals & Biotechnology – 7.70% – continued			
474,160	Bristol Myers Squibb	22,082	0.38
209,481	Celgene	15,221	0.27
279,684	Eli Lilly	22,719	0.40
376,671	Gilead Sciences	21,944	0.38
42,627	Illumina	11,636	0.20
52,262	Incyte Genomics	2,971	0.05
48,226	IQVIA	4,715	0.08
780,606	Johnson & Johnson	80,826	1.41
781,219	Merck & Co	41,208	0.72
149,074	Mylan	4,488	0.08
1,685,819	Pfizer	53,840	0.94
23,250	Regeneron Pharmaceuticals	7,275	0.13
74,233	Vertex Pharmaceuticals	10,531	0.18
140,564	Zoetis	9,799	0.17
Total Healthcare		715,453	12.45

Consumer Services – 13.42% (31/08/17 – 11.99%)

Food & Drug Retailers – 1.01%

49,253	AmerisourceBergen	3,408	0.06
91,804	Cardinal Health	3,686	0.06
295,257	CVS Health	17,083	0.30
51,710	Keurig Dr Pepper	907	0.02
246,912	Kroger	5,982	0.10
59,886	McKesson HBOC	5,932	0.10
138,880	Sysco	7,995	0.14
245,258	Walgreens Boots Alliance	12,937	0.23

General Retailers – 8.20%

21,117	Advance Auto Parts	2,665	0.05
118,148	Amazon.com	182,983	3.19
17,440	Autonation	608	0.01
7,847	Autozone	4,630	0.08
71,595	Best Buy	4,381	0.08
51,787	Carmax	3,110	0.05
126,863	Costco Wholesale	22,755	0.40
79,565	Dollar General	6,595	0.11
68,936	Dollar Tree	4,270	0.07
271,486	eBay	7,227	0.13
33,923	Foot Locker	1,287	0.02
68,554	Gap	1,601	0.03
57,905	H&R Block	1,205	0.02
335,697	Home Depot	51,852	0.90
50,600	Kohl's	3,080	0.05
70,058	Limited Brands	1,425	0.02
239,948	Lowe's	20,071	0.35
83,900	Macy's	2,359	0.04
12,051	MercadoLibre	3,175	0.06
120,836	NetFlix	34,183	0.60
35,706	Nordstrom	1,726	0.03
23,408	O'Reilly Automotive	6,042	0.11
345,610	PayPal	24,548	0.43
126,126	Qurate Retail	2,016	0.04
109,517	Ross Stores	8,070	0.14
84,959	Tapestry	3,312	0.06
155,791	Target	10,488	0.18
31,602	Tiffany & Co.	2,982	0.05
181,562	TJX Companies	15,359	0.27
37,004	Tractor Supply Company	2,513	0.04
17,202	Ulta Beauty	3,441	0.06
414,188	Wal-Mart Stores	30,535	0.53

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 13.42% (31/08/17 – 11.99%) – continued			
Media – 2.31%			
98,705	CBS 'B'	4,026	0.07
51,872	Charter Communications 'A'	12,387	0.22
1,330,673	Comcast 'A'	37,860	0.66
33,278	Discovery Communications 'A'	712	0.01
64,030	Discovery Communications 'C'	1,263	0.02
66,798	Dish Network 'A'	1,816	0.03
10,663	Dun & Bradstreet	1,172	0.02
114,775	Interpublic Group of Companies	2,062	0.04
2,170	Liberty Braves 'A'	44	–
701	Liberty Braves 'C'	14	–
7,486	Liberty Broadband 'A'	466	0.01
31,014	Liberty Broadband 'C'	1,935	0.03
164,547	Liberty Global 'C'	3,276	0.06
27,839	Liberty SiriusXM	1,001	0.02
50,908	Liberty SiriusXM 'C'	1,842	0.03
104,609	News Corporation (New) 'A'	1,052	0.02
34,631	News Corporation (New) 'B'	361	0.01
68,874	Omnicom	3,673	0.06
384,951	Sirius XM Holdings	2,100	0.04
305,226	Twenty First Century Fox 'A'	10,654	0.19
139,626	Twenty First Century Fox 'B'	4,819	0.08
104,985	Viacom 'B'	2,365	0.04
435,108	Walt Disney	37,463	0.65
Travel & Leisure – 1.90%			
9,111	Alaska Air	473	0.01
33,338	American Airlines	1,038	0.02
119,836	Carnival	5,668	0.10
7,047	Chipotle Mexican Grill	2,576	0.04
35,524	Darden Restaurants	3,171	0.06
51,818	Delta Airlines	2,331	0.04
12,313	Domino's Pizza	2,829	0.05
35,353	Expedia	3,549	0.06
65,449	Hilton Worldwide	3,907	0.07
104,203	Las Vegas Sands	5,245	0.09
67,078	Marriott International*	–	–
85,411	Marriott International New 'A'	8,311	0.14
228,373	McDonald's	28,498	0.50
153,304	MGM Resorts International	3,419	0.06
56,768	Park Hotels & Resort	1,461	0.03
42,863	Southwest Airlines	2,021	0.04
389,658	Starbucks	16,021	0.28
32,599	TripAdvisor	1,362	0.02
20,980	United Continental Holdings	1,411	0.02
29,964	Wyndham Destinations	1,019	0.02
29,964	Wyndham Hotels & Resort	1,308	0.02
29,987	Wynn Resorts	3,422	0.06
95,267	Yum! Brands	6,368	0.11
106,454	Yum! China	3,167	0.06
Total Consumer Services		769,362	13.42
Telecommunications – 1.96% (31/08/17 – 2.01%)			
Fixed Line Telecommunications – 1.86%			
2,110,137	AT & T	51,822	0.90
286,181	CenturyLink	4,703	0.08
19,188	Frontier Communications	77	–
1,202,048	Verizon Communications	50,274	0.88
Mobile Telecommunications – 0.10%			
205,458	Sprint (FON)	966	0.02
91,486	T-Mobile	4,648	0.08
Total Telecommunications		112,490	1.96

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Utilities – 2.77% (31/08/17 – 2.96%)			
Electricity – 2.01%			
195,351	AES	2,022	0.04
62,680	Alliant Energy	2,065	0.04
142,362	American Electric Power	7,858	0.14
16,553	Avangrid	629	0.01
87,451	CMS Energy	3,312	0.06
85,129	Consolidation Edison	5,168	0.09
190,181	Dominion Energy	10,354	0.18
53,758	DTE Energy	4,596	0.08
93,306	Edison International	4,719	0.08
53,610	Entergy	3,447	0.06
93,858	Eversource Energy	4,507	0.08
281,000	Exelon	9,448	0.16
139,534	FirstEnergy	4,012	0.07
136,932	NextEra Energy	17,914	0.31
93,792	NRG Energy	2,553	0.04
154,649	P G & E	5,495	0.10
33,026	Pinnacle West Capital	1,996	0.03
209,300	PP & L Resources	4,787	0.08
145,894	Public Service Enterprise	5,875	0.10
292,434	Southern	9,846	0.17
147,442	Xcel Energy	5,451	0.09
Gas Water & Multiutilities – 0.76%			
70,577	Ameren	3,433	0.06
51,514	American Water Works	3,469	0.06
126,679	Centerpoint Energy	2,708	0.05
201,010	Duke Energy	12,564	0.22
109,029	Nisource	2,271	0.04
120,512	ONEOK	6,110	0.11
35,274	Scana	1,041	0.02
77,658	Sempra Energy	6,934	0.12
90,793	Wisconsin Energy	4,720	0.08
Total Utilities		159,304	2.77
Financials – 17.81% (31/08/17 – 16.89%)			
Banks – 6.22%			
2,746,189	Bank of America	65,330	1.14
270,776	Bank of New York Mellon	10,862	0.19
224,263	BB & T Financial	8,912	0.16
742,103	Citigroup	40,658	0.71
138,802	Citizens Financial	4,396	0.08
51,066	Comerica	3,830	0.07
25,164	Commerce Bancshares	1,376	0.02
198,116	Fifth Third Bancorp	4,484	0.08
91,527	First Horizon National**	–	–
47,563	First Republic Bank	3,718	0.06
300,467	Huntingdon Bancshares	3,747	0.07
984,978	JP Morgan	86,771	1.51
306,213	KeyCorp	4,962	0.09
42,118	M&T Bank	5,740	0.10
144,751	New York Community Bancorp	1,198	0.02
75,011	Peoples United Financial	1,068	0.02
136,103	PNC Financial Services	15,026	0.26
321,625	Regions Financial	4,815	0.08
134,352	SunTrust Banks	7,603	0.13
15,376	SVB Financial Group	3,818	0.07
443,017	US Bancorp	18,436	0.32
1,277,689	Wells Fargo	57,448	1.00
58,921	Zions Bancorporation	2,416	0.04

Royal London US Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 17.81% (31/08/17 – 16.89%) – continued			
Financial Services – 5.22%			
15,598	Affiliated Managers	1,753	0.03
130,234	Ally Financial	2,692	0.05
190,327	American Express	15,519	0.27
42,012	Ameriprise Financial	4,589	0.08
80,879	Ameritrade Holdings	3,645	0.06
35,687	BlackRock	13,153	0.23
140,432	Capital One Financial	10,705	0.19
31,890	Cboe Global Markets	2,472	0.04
98,231	Chicago Mercantile Exchange	13,205	0.23
38,274	CIT	1,597	0.03
100,528	Discover Financial Services	6,041	0.11
76,755	E*Trade Financial	3,476	0.06
35,741	Equifax	3,683	0.06
91,953	Franklin Resources	2,245	0.04
102,638	Goldman Sachs	18,778	0.33
166,836	Intercontinental Exchange	9,784	0.17
266,818	Mastercard	44,218	0.77
49,032	Moody's	6,715	0.12
383,699	Morgan Stanley	14,412	0.25
26,286	MSCI	3,645	0.06
34,175	NASDAQ OMX	2,509	0.04
60,147	Northern Trust	4,970	0.09
36,889	Raymond James Financial	2,641	0.05
73,211	S&P Global	11,661	0.20
32,864	Santander Consumer USA	545	0.01
348,410	Schwab	13,615	0.24
34,732	SEI Investments	1,685	0.03
107,696	State Street	7,200	0.13
220,583	Synchrony Financial	5,373	0.09
68,345	T Rowe Price	6,093	0.11
519,492	Visa 'A'	58,694	1.02
132,007	Western Union	1,922	0.03
Life Insurance – 0.70%			
222,751	Aflac	7,925	0.14
15,913	Assurant	1,259	0.02
23,707	Brighthouse Financial	757	0.01
64,093	Lincoln National	3,234	0.06
250,811	Metlife	8,851	0.15
81,938	Principal Financial	3,479	0.06
121,637	Prudential Financial	9,194	0.16
31,810	Torchmark	2,151	0.04
67,713	Unum	1,921	0.03
51,477	Voya Financial	1,983	0.03
Non-Life Insurance – 2.83%			
260,052	AIG	10,636	0.19
4,234	Alleghany	2,061	0.04
103,858	Allstate	8,035	0.14
9,069	American International Warrants 19/01/2021	99	–
91,987	American International Warrants (Fractions) 19/01/2021**	–	–
114,201	Arch Capital	2,685	0.05
126	Berkshire Hathaway 'A'	30,595	0.53
375,247	Berkshire Hathaway 'B'	60,193	1.05
60,415	Brown & Brown	1,417	0.02
43,804	Cincinnati Financial	2,584	0.05
9,208	CNA Financial	318	0.01
50,576	Gallagher (Arthur J)	2,807	0.05
105,219	Hartford Financial Services	4,077	0.07
82,442	Loews	3,190	0.06
3,900	Markel	3,625	0.06

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 17.81% (31/08/17 – 16.89%) – continued			
Non-Life Insurance – 2.83% – continued			
147,543	Marsh & McLennan	9,606	0.17
70,048	Old Republic	1,195	0.02
167,460	Progressive	8,699	0.15
79,612	Travelers	8,060	0.14
26,824	W.R. Berkley	1,615	0.03
Real Estate Investment Services – 0.54%			
45,878	Boston Properties	4,604	0.08
90,790	CBRE	3,409	0.06
120,167	Crown Castle International	10,542	0.18
171,563	GGP	2,921	0.05
603	RMR	44	–
33,890	SBA Communications	4,047	0.07
108,507	Welltower	5,569	0.10
Real Estate Investment Trusts – 2.30%			
112,721	AGNC Investment Corporation	1,648	0.03
28,823	Alexandria Real Estate Equities	2,846	0.05
127,273	American Tower	14,599	0.25
364,519	Annaly Mortgage Management	2,976	0.05
40,306	AvalonBay Communities	5,684	0.10
59,860	Digital Realty Trust	5,724	0.10
104,932	Duke Realty	2,299	0.04
23,387	Equinix	7,847	0.14
104,907	Equity Residential	5,468	0.10
19,276	Essex Property Trust	3,652	0.06
37,130	Extra Space Storage	2,634	0.05
20,923	Federal Realty Investment Trust	2,103	0.04
127,020	HCP	2,641	0.05
53,590	Hospitality Properties Trust	1,195	0.02
211,776	Host Marriott	3,510	0.06
83,474	Invitation Homes REIT	1,500	0.03
83,051	Iron Mountain	2,307	0.04
119,680	Kimco Realty	1,575	0.03
43,403	Liberty Property Trust	1,461	0.03
40,476	Macerich	1,829	0.03
33,423	Mid-America Apartment Communities	2,663	0.05
152,239	Prologis	7,866	0.14
42,952	Public Storage	7,024	0.12
5,889	Rayonier	158	–
88,286	Realty Income	3,978	0.07
40,945	Regency Centers	2,079	0.04
2,854	Sabra Health Care	52	–
89,266	Simon Property	12,561	0.22
27,961	SL Green Realty	2,244	0.04
73,006	UDR	2,245	0.04
3,265	Uniti Group	52	–
101,507	Ventas	4,674	0.08
272,937	VEREIT	1,642	0.03
55,393	Vornado Realty Trust	3,282	0.06
27,752	Weingarten Realty Investors	660	0.01
217,159	Weyerhaeuser	5,798	0.10
Total Financials		1,019,712	17.81
Technology – 22.37% (31/08/17 – 17.79%)			
Software & Computer Services – 12.37%			
142,801	Adobe Systems	28,951	0.50
49,375	Akamai Techs	2,854	0.05
86,794	Alphabet 'A'	82,230	1.43
88,469	Alphabet 'C'	82,917	1.44
23,812	Ansys	3,407	0.06

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Technology – 22.37% (31/08/17 – 17.79%) – continued			
Software & Computer Services – 12.37% – continued			
64,087	Autodesk	7,613	0.13
13,979	Booking Holdings	20,989	0.37
81,146	Cadence Design Systems	2,936	0.05
44,308	CDW Corporation	2,985	0.05
85,712	Cerner	4,293	0.07
34,290	Check Point Software Technologies	3,065	0.05
38,871	Citrix Systems	3,410	0.06
170,726	Cognizant Technology Solutions	10,306	0.18
94,598	Computer Associates International	3,191	0.06
84,110	DXC Technology	5,891	0.10
691,232	Facebook	93,451	1.63
24,988	Gartner 'A'	2,879	0.05
450,955	Hewlett Packard Enterprise	5,732	0.10
263,564	IBM	29,695	0.52
21,920	InterActiveCorp	3,323	0.06
70,850	Intuit	11,964	0.21
2,201,819	Microsoft	190,274	3.32
81,174	Nuance Communications	1,019	0.02
834,984	Oracle	31,196	0.54
25,538	Palo Alto Networks	4,541	0.08
43,520	Perspecta	778	0.01
52,129	Red Hat	5,925	0.10
204,569	Salesforce.com	24,018	0.42
50,839	ServiceNow	7,680	0.13
41,699	Splunk	4,111	0.07
185,493	Symantec	2,876	0.05
42,410	Synopsys	3,333	0.06
205,277	Twitter	5,558	0.10
27,420	VeriSign	3,346	0.06
20,324	VMware	2,397	0.04
42,004	Workday 'A'	4,995	0.09
86,508	Worldpay 'A'	6,480	0.11
Technology Hardware & Equipment – 10.00%			
269,485	Advanced Micro Devices	5,217	0.09
106,863	Analog Devices	8,126	0.14
1,428,842	Apple	250,084	4.36
304,802	Applied Materials	10,086	0.18
16,493	Arista Networks	3,794	0.07
125,173	Broadcom	21,093	0.37
1,403,963	Cisco Systems	51,589	0.90
239,708	Corning	6,178	0.11
58,108	Dell Technologies	4,302	0.07
17,513	F5 Networks	2,548	0.04
34,281	Harris	4,286	0.07
477,213	HP	9,050	0.16
1,353,559	Intel	50,425	0.88
103,486	Juniper Networks	2,264	0.04
45,605	KLA Tencor	4,077	0.07
47,155	Lam Research	6,278	0.11
80,975	Maxim Integrated Products	3,767	0.07
66,580	Microchip Technology	4,406	0.08
336,596	Micron Technology	13,601	0.24
48,321	Motorola Solutions	4,771	0.08
36,908	NCR	807	0.01
77,683	NetApp	5,189	0.09
169,247	Nvidia	36,547	0.64
38,094	Qorvo	2,347	0.04
430,796	Qualcomm	22,760	0.40
54,026	Skyworks Solutions	3,794	0.07

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Technology – 22.37% (31/08/17 – 17.79%) – continued			
Technology Hardware & Equipment – 10.00% – continued			
284,538	Texas Instruments	24,602	0.43
88,784	Western Digital	4,319	0.08
69,358	Xerox	1,486	0.03
74,332	Xilinx	4,450	0.08
Total Technology		1,282,852	22.37
Futures – 0.00% (31/08/17 – 0.06%)			
253	CME S&P 500 EMINI September 2018	25	–
Total Futures		25	–
Total United States		5,524,329	96.27
BERMUDA – 0.36% (31/08/17 – 0.41%)			
Industrials – 0.04% (31/08/17 – 0.04%)			
61,721	Norwegian Cruise Line	2,546	0.04
Consumer Goods – 0.04% (31/08/17 – 0.05%)			
40,200	Bunge	2,009	0.04
Consumer Services – 0.00% (31/08/17 – 0.02%)			
Financials – 0.25% (31/08/17 – 0.27%)			
23,245	Axis Capital Holdings	1,029	0.02
11,552	Everest	1,982	0.03
114,179	IHS Markit	4,831	0.08
119,958	Invesco	2,225	0.04
11,200	RenaissanceRe Holdings	1,146	0.02
76,084	XL	3,354	0.06
Technology – 0.03% (31/08/17 – 0.03%)			
115,333	Marvell Technology	1,833	0.03
Total Bermuda		20,955	0.36
CANADA – 0.00% (31/08/17 – 0.00%)			
Oil & Gas – 0.00% (31/08/17 – 0.00%)			
6,422	Enbridge	169	–
Consumer Services – 0.00% (31/08/17 – 0.00%)			
4,103	Sears Canada*	–	–
Total Canada		169	–
CAYMAN ISLANDS – 0.03% (31/08/17 – 0.02%)			
Consumer Goods – 0.03% (31/08/17 – 0.02%)			
36,351	Herbalife	1,582	0.03
Total Cayman Islands		1,582	0.03
CHANNEL ISLANDS – 0.16% (31/08/17 – 0.18%)			
Consumer Goods – 0.10% (31/08/17 – 0.11%)			
76,402	Aptiv	5,173	0.09
28,559	Delphi Technologies	774	0.01
Financials – 0.02% (31/08/17 – 0.03%)			
60,944	Janus Henderson	1,325	0.02
Technology – 0.04% (31/08/17 – 0.04%)			
42,686	Amdocs	2,144	0.04
Total Channel Islands		9,416	0.16

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
FRANCE – 0.00% (31/08/17 – 0.00%)			
Healthcare – 0.00% (31/08/17 – 0.00%)			
34,947	Sanofi	15	–
Total France		15	–
IRELAND – 1.51% (31/08/17 – 1.43%)			
Oil & Gas – 0.01% (31/08/17 – 0.01%)			
237,949	Weatherford International	441	0.01
Industrials – 0.60% (31/08/17 – 0.53%)			
187,106	Accenture	24,320	0.42
26,875	Allegion	1,803	0.03
72,146	Ingersoll-Rand	5,622	0.10
54,271	Nvent Electric	1,174	0.02
44,838	Pentair	1,500	0.03
Consumer Goods – 0.02% (31/08/17 – 0.03%)			
27,238	Adient	907	0.02
Healthcare – 0.62% (31/08/17 – 0.58%)			
45,965	Alkermes	1,585	0.03
17,725	Jazz Pharmaceuticals	2,331	0.04
394,545	Medtronic	29,263	0.51
37,870	Perrigo	2,229	0.04
Consumer Services – 0.13% (31/08/17 – 0.16%)			
265,878	Johnson Controls Automation	7,724	0.13
Financials – 0.07% (31/08/17 – 0.08%)			
37,952	Willis Towers Watson	4,300	0.07
Technology – 0.06% (31/08/17 – 0.04%)			
83,979	Seagate Technology	3,458	0.06
Total Ireland		86,657	1.51
LIBERIA – 0.08% (31/08/17 – 0.08%)			
Consumer Services – 0.08% (31/08/17 – 0.08%)			
49,331	Royal Caribbean Cruises	4,652	0.08
Total Liberia		4,652	0.08
NETHERLANDS – 0.35% (31/08/17 – 0.47%)			
Oil & Gas – 0.02% (31/08/17 – 0.01%)			
12,513	Core Laboratories	1,103	0.02
Basic Materials – 0.14% (31/08/17 – 0.14%)			
93,203	LyondellBasell	8,087	0.14
Industrials – 0.03% (31/08/17 – 0.11%)			
38,057	Aercap	1,668	0.03
Technology – 0.16% (31/08/17 – 0.21%)			
99,519	NXP Semiconductors	7,129	0.12
82,480	Yandex	2,038	0.04
Total Netherlands		20,025	0.35
PANAMA – 0.00% (31/08/17 – 0.00%)			
Oil & Gas – 0.00% (31/08/17 – 0.00%)			
1,430	McDermott International	21	–
Total Panama		21	–

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
SINGAPORE – 0.03% (31/08/17 – 0.46%)			
Industrials – 0.03% (31/08/17 – 0.04%)			
151,467	Flex	1,607	0.03
Technology – 0.00% (31/08/17 – 0.42%)			
Total Singapore		1,607	0.03
SWITZERLAND – 0.40% (31/08/17 – 0.42%)			
Industrials – 0.12% (31/08/17 – 0.12%)			
99,102	TE Connectivity	6,990	0.12
Financials – 0.25% (31/08/17 – 0.27%)			
134,221	Chubb	13,960	0.25
Technology – 0.03% (31/08/17 – 0.03%)			
34,322	Garmin	1,799	0.03
Total Switzerland		22,749	0.40
UNITED KINGDOM – 0.27% (31/08/17 – 0.31%)			
Industrials – 0.03% (31/08/17 – 0.00%)			
48,770	Sensata Technologies	1,987	0.03
Consumer Goods – 0.03% (31/08/17 – 0.04%)			
52,526	Coca-Cola European Partners	1,723	0.03
Consumer Services – 0.06% (31/08/17 – 0.12%)			
65,768	Liberty Global	1,357	0.02
111,041	Nielsen Holdings	2,221	0.04
Financials – 0.15% (31/08/17 – 0.15%)			
70,739	Aon	7,922	0.15
Total United Kingdom		15,210	0.27
Total value of investments		5,707,387	99.46
Net other assets		30,925	0.54
Total net assets		5,738,312	100.00

+ Value less than £1,000

* Unlisted

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 AUGUST 2018

Significant Purchases

	Cost £'000
Apple	33,133
Microsoft	30,240
Amazon.com	26,427
Facebook	19,356
JP Morgan	15,549
Alphabet 'A'	14,996
Johnson & Johnson	14,952
Alphabet 'C'	13,055
Exxon Mobil	12,957
Berkshire Hathaway 'B'	12,229
Subtotal	192,894
Total cost of purchases, including the above, for the year	1,072,851

Significant Sales

	Proceeds £'000
Apple	25,802
Microsoft	14,185
Amazon.com	13,460
Monsanto	13,266
AT & T	10,658
JP Morgan	10,392
Facebook	8,247
Johnson & Johnson	6,785
Exxon Mobil	6,551
Alphabet 'A'	6,432
Subtotal	115,778
Total proceeds from sales, including the above, for the year	543,514

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Income					
Net capital gains	2		836,018		626,777
Revenue	3	96,884		84,249	
Expenses	4	(11,887)		(9,956)	
Interest payable and similar charges		(1)		(3)	
Net revenue before taxation		84,996		74,290	
Taxation	5	(13,290)		(11,526)	
Net revenue after taxation			71,706		62,764
Total return before distributions			907,724		689,541
Distributions	6		(71,705)		(62,764)
Change in net assets attributable to shareholders from investment activities			836,019		626,777

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		4,657,964		3,927,986
Amounts receivable on creation of shares	1,087,646		760,191	
Amounts payable on cancellation of shares	(914,335)		(721,607)	
		173,311		38,584
Dilution levy charged		1,390		1,238
Change in net assets attributable to shareholders from investment activities		836,019		626,777
Retained distribution on accumulation shares		69,628		63,379
Closing net assets attributable to shareholders		5,738,312		4,657,964

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		5,707,387	4,342,361
Current assets:			
Debtors	7	10,769	9,068
Cash and bank balances	8	21,429	308,104
Total assets		5,739,585	4,659,533
LIABILITIES			
Creditors:			
Other creditors	9	1,273	1,569
Total liabilities		1,273	1,569
Net assets attributable to shareholders		5,738,312	4,657,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	842,503	593,450
Derivative securities	8,196	30,035
Currency (losses)/gains	(14,628)	3,294
Activity fees	(53)	(2)
Net capital gains	836,018	626,777

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	502	410
Overseas dividends	94,104	82,355
Bank interest	1,621	1,011
Deposit interest	54	8
Stock lending income	603	465
Total revenue	96,884	84,249

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	10,473	8,693
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	267	275
Safe custody fees	472	392
	739	667
Other expenses:		
Registrar's fees	34	27
Audit fee	8	13
FTSE® licence fee	611	524
Service charges	19	20
Printing & stationery fee	2	3
Professional fee	–	1
Legal fee	1	8
	675	596
Total expenses	11,887	9,956

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	13,290	11,526
Current tax charge for the year	13,290	11,526

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	84,996	74,290
Corporation tax at 20% (31/08/17: 20%)	16,999	14,858
Effects of:		
Revenue not subject to taxation	(18,028)	(15,984)
Current year management expenses not utilised	1,161	1,211
Irrecoverable overseas tax	13,290	11,526
Tax relief on overseas tax suffered	(132)	(85)
Current tax charge for the year	13,290	11,526

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £6,316,000 (31/08/17: £5,155,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Final	69,628	63,379
	69,628	63,379
Add: Amounts deducted on cancellation of shares	7,742	4,351
Deduct: Amounts received on the creation of shares	(5,665)	(4,966)
Net distributions for the year	71,705	62,764

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

Net revenue after taxation	71,706	62,764
Movement in income carried forward	(1)	–
Net distributions for the year	71,705	62,764

Details of the distribution per share are set out on page 124.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	723	753
Sales awaiting settlement	146	—
Accrued revenue	9,454	8,313
Withholding tax recoverable	446	2
Total debtors	10,769	9,068

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	20,213	295,537
Amounts held at futures clearing houses and brokers	1,216	12,567
Total cash and bank balances	21,429	308,104

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	—	567
Accrued expenses	1,273	1,002
Total other creditors	1,273	1,569

10. Reconciliation of number of shares

	Class Z Accumulation
Opening shares at 01/09/17	1,500,761,172
Shares issued	342,631,496
Shares cancelled	(275,899,825)
Closing shares at 31/08/18	1,567,492,843

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £273,000 (31/08/17: £578,000).

At the year end, 31 August 2018, 97.70% (31/08/17: 90.21%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £151,000 (Gross: £754,000) (31/08/17: £116,000 (Gross: £581,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £478,274,000 (31/08/17: £403,425,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	414,667	366,952
Bonds	106,828	61,831

The aggregate value of collateral held at the balance sheet date was £521,495,000 (31/08/17: £428,783,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, Credit Suisse Dublin Branch, Credit Suisse Securities (Europe) Limited, HSBC Bank, JP Morgan Securities, Natixis, Societe Generale and UBS AG.

14. Financial derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies. The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

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

Details of the individual contracts are shown on the portfolio statement on pages 108 to 114.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 117. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	1,125	4,084
Canadian dollar	2	4
US dollar	5,737,185	4,653,876
Total	5,738,312	4,657,964

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £573,719,000 (31/08/17: £465,388,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £573,719,000 (31/08/17: £465,388,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £570,739,000 (31/08/17: £434,236,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £570,739,000 (31/08/17: £434,236,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £20,213,000 (31/08/17: £295,537,000) which earn interest by reference to LIBOR or international equivalent.

16. Portfolio transaction costs

For the year ended 31 August 2018

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	1,070,499	50	0.00	–	–	–	–	1,070,549
Corporate actions	2,302	–	–	–	–	–	–	2,302
Total	1,072,801	50		–		–		1,072,851

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	505,838	24	0.00	–	–	9	0.00	505,805
Corporate actions	37,709	–	–	–	–	–	–	37,709
Total	543,547	24		–		9		543,514

The Fund had paid £82,000 as commission on purchases and sales derivative transactions for the year ended 31/07/18.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs – continued

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	160,366	5	0.00	–	–	–	–	160,371
Corporate actions	3,084	–	–	–	–	–	–	3,084
Total	163,450	5		–		–		163,455

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	61,734	3	0.00	–	–	1	0.00	61,730
Corporate actions	36,128	–	–	–	–	–	–	36,128
Total	97,862	3		–		1		97,858

The Fund had paid £74,000 as commission on purchases and sales derivative transactions for the year ended 31/07/17.

Commissions, taxes and fees as % of average net assets

Commissions 0.00%

Taxes 0.00%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.02% (31/08/17: 0.02%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	5,707,362	–	–	5,707,362
Derivatives	25	–	–	25
Total	5,707,387	–	–	5,707,387

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	4,339,638	–	–	4,339,638
Derivatives	2,723	–	–	2,723
Total	4,342,361	–	–	4,342,361

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FINAL

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 31 August 2018

Class Z Accumulation	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Group 1	4.4420	–	4.4420	4.2231
Group 2	2.7579	1.6841	4.4420	4.2231

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London European Growth Fund, Class A Accumulation	-0.44	39.60	52.97
Royal London European Growth Fund, Class M Accumulation	0.19	42.26	57.83

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was behind the wider European equity market during the 12-month period under review, using the FTSE® World Europe (ex UK) Index as a guide. Concern about world trade wars and protectionism impacted some holdings in the portfolio, which tends to be overweight global growth companies relative to the index.

Market and Portfolio Commentary

European and global economic growth was generally supportive for equities during the term under review, although the eurozone economy slowed noticeably in the first half of this year after a strong run of activity in the latter months of 2017. Corporate earnings also tended to be broadly positive. However, concern about global protectionism was a negative theme as the US and China maintained heated rhetoric on world trade and imposed tariffs, some of which affected products imported from Europe. Political developments in the eurozone also were problematic, underlining the continued loss of support for mainstream parties and stronger backing for more extreme views; German and Italian elections ended with no clear outcome, and an openly eurosceptic and anti-immigrant government took office in Italy. The European Central Bank (ECB) maintained its programme of monetary stimulus, albeit at a reduced pace, while keeping interest rates unchanged; elsewhere, the US Federal Reserve continued its measured rate increases. The euro weakened against the dollar during the period as a whole, as the gap between US and eurozone policy rates widened.

Ubisoft Entertainment, LVMH and ASR Nederland were prominent contributors to Fund returns. Video game developer Ubisoft continued to record rapid growth in revenue as digital sales of games increase and consumers devote more time and money to gaming, rather than traditional forms of entertainment. The stock performed particularly well in October as Ubisoft announced a buyback programme and in April as the company reported annual sales and profit that beat its own forecasts. LVMH, the world's biggest luxury goods company, is benefiting from revived demand in China after a multiyear crackdown on corruption ended and released record full-year results, spurred by double-digit sales growth at most of its divisions. Shares of ASR were supported by the continued strong performance of the Dutch insurer's business, highlighted by return on equity above its own target.

The holdings of A.P. Moeller-Maersk, Valeo and Bayer detracted from performance. Maersk, owner of the world's largest container shipping line, and Valeo, a maker of automotive components with activities in 33 countries, were hampered by the climate of high-profile US commentary on world trade, which included a threat to levy tariffs on vehicles imported into the country from Europe. Maersk also was hurt by a combination of pressure on freight rates and rising prices for ship fuel, and lowered its forecast for annual profit in July. Valeo was particularly weak in February, when the company reported results and guidance that fell short of market expectations, and in July, when it said higher costs and regulation in Europe would curb growth. German life sciences company Bayer completed its takeover of US agrochemical company Monsanto in June, paying more than \$60 billion; only two

months later, in the first of a wave of lawsuits to go to trial, a US jury said Monsanto had failed to warn of health risks from an herbicide. Bayer stock fell sharply as Monsanto was ordered to pay almost \$300 million to a man who said the product caused his illness.

The Fund established positions during the review period including distiller Pernod Ricard, electric utility Enel and jet engine manufacturer Safran, while media company NOS and Maersk were among holdings that were sold. Profits were taken on allocations including financial DNB and Ubisoft.

The Fund aims to achieve capital growth by investing broadly in continental European companies and will typically hold 40 to 60 positions. The managers prefer businesses with products or services that they believe are able to grow faster than the broader economy, operate in markets with high barriers to entry, and generate strong cashflows.

Investment Outlook

The ECB will end its monetary stimulus after December; we expect rates to remain unchanged until the second half of 2019. Eurozone growth has returned to a solid, unspectacular pace which appears more sustainable. Upside is limited in part by exposure to external risks and political concerns.

Steve Bolton
Fund Manager
Sebastien Beguelin
Assistant Fund Manager
31 August 2018
Royal London Asset Management

Please note that Steven Bolton started managing the Fund on 1 October 2017. The previous Fund Manager was Mike Fox.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	916.96	724.29	649.71
Return before operating charges*	2.22	203.19	83.02
Operating charges	(11.65)	(10.52)	(8.44)
Return after operating charges*	(9.43)	192.67	74.58
Distributions on accumulation shares	(11.54)	(10.25)	(10.71)
Retained distributions on accumulation shares	11.54	10.25	10.71
Closing net asset value per share	907.53	916.96	724.29
* after direct transaction costs of:	1.09	1.38	0.51
Performance			
Return after charges	(1.03)%	26.60%	11.48%
Other information			
Closing net asset value (£'000)	918,604	883,640	596,024
Closing number of shares	101,219,830	96,366,486	82,290,428
Operating charges	1.29%	1.29%	1.29%
Direct transaction costs	0.12%	0.17%	0.08%
Prices[^]			
Highest share price	940.90	917.70	741.70
Lowest share price	838.10	712.20	580.60

Class M Accumulation

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	959.78	753.37	671.54
Return before operating charges*	2.39	212.08	86.34
Operating charges	(6.25)	(5.67)	(4.51)
Return after operating charges*	(3.86)	206.41	81.83
Distributions on accumulation shares	(18.04)	(15.67)	(15.65)
Retained distributions on accumulation shares	18.04	15.67	15.65
Closing net asset value per share	955.92	959.78	753.37
* after direct transaction costs of:	1.14	1.45	0.53
Performance			
Return after charges	(0.40)%	27.40%	12.19%
Other information			
Closing net asset value (£'000)	3,838	3,009	1,579
Closing number of shares	401,507	313,572	209,523
Operating charges	0.66%	0.66%	0.66%
Direct transaction costs	0.12%	0.17%	0.08%
Prices[^]			
Highest share price	985.90	960.40	771.30
Lowest share price	880.60	742.00	601.80

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 97.57% (31/08/17 – 98.30%)			
Belgium – 1.27% (31/08/17 – 2.05%)			
Financials – 1.27%			
	215,041 KBC Group	11,762	1.27
Total Belgium		11,762	1.27
Denmark – 1.83% (31/08/17 – 4.07%)			
Healthcare – 1.32%			
	320,336 Novo Nordisk 'B'	12,158	1.32
Utilities – 0.51%			
	96,846 Orsted	4,720	0.51
Total Denmark		16,878	1.83
Finland – 0.58% (31/08/17 – 0.00%)			
Utilities – 0.58%			
	275,097 Fortum	5,378	0.58
Total Finland		5,378	0.58
France – 28.60% (31/08/17 – 21.72%)			
Basic Materials – 1.05%			
	100,657 Arkema	9,713	1.05
Consumer Goods – 7.94%			
	408,905 Danone	24,818	2.69
	25,154 L'Oreal	4,650	0.51
	98,978 LVMH	26,745	2.90
	73,097 Pernod-Ricard	8,889	0.96
	231,830 Valeo	8,116	0.88
Consumer Services – 0.14%			
	109,858 Elior Group	1,326	0.14
Financials – 1.97%			
	933,104 AXA	18,163	1.97
Healthcare – 2.28%			
	67,270 BioMérieux	4,552	0.49
	11,572 Eurofins Scientific	5,039	0.55
	109,888 Orpea	11,455	1.24
Industrials – 8.18%			
	231,600 Safran	23,272	2.52
	213,669 Schneider Electric	13,435	1.46
	183,059 Thales	19,877	2.16
	254,650 Vinci	18,820	2.04
Oil & Gas – 3.06%			
	585,366 Total	28,228	3.06
Technology – 2.86%			
	100,639 Cap Gemini	9,973	1.08
	198,194 Ubisoft Entertainment	16,436	1.78
Telecommunications – 1.12%			
	825,850 Orange	10,309	1.12
Total France		263,816	28.60
Germany – 22.91% (31/08/17 – 26.88%)			
Basic Materials – 5.36%			
	325,156 Bayer	23,437	2.54
	193,988 Covestro	12,725	1.38
	184,224 Symrise	13,269	1.44

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Germany – 22.91% (31/08/17 – 26.88%) – continued			
Consumer Goods – 1.51%			
	98,565 Continental	13,936	1.51
Financials – 2.01%			
	112,818 Allianz	18,536	2.01
Healthcare – 3.52%			
	162,848 Fresenius	9,563	1.04
	283,366 Merck KGaA	22,895	2.48
Industrials – 4.64%			
	483,673 Deutsche Post	13,552	1.47
	220,899 KION	11,627	1.26
	176,609 Siemens	17,672	1.91
Technology – 4.84%			
	955,671 Infineon Technologies	18,735	2.03
	279,714 SAP	25,911	2.81
Telecommunications – 1.03%			
	760,963 Deutsche Telekom	9,465	1.03
Total Germany		211,323	22.91
Ireland – 1.42% (31/08/17 – 5.10%)			
Industrials – 1.42%			
	162,530 CRH	4,151	0.45
	237,495 Kingspan Group	8,925	0.97
Total Ireland		13,076	1.42
Italy – 3.18% (31/08/17 – 1.70%)			
Financials – 2.36%			
	3,262,847 Intesa Sanpaolo	6,213	0.67
	1,398,864 UniCredit	15,568	1.69
Utilities – 0.82%			
	1,979,379 Enel	7,545	0.82
Total Italy		29,326	3.18
Luxembourg – 1.97% (31/08/17 – 0.85%)			
Basic Materials – 1.48%			
	1,053,566 Tenaris	13,595	1.48
Consumer Services – 0.49%			
	78,639 RTL	4,548	0.49
Total Luxembourg		18,143	1.97
Netherlands – 10.90% (31/08/17 – 11.22%)			
Consumer Goods – 2.19%			
	454,967 Unilever	20,178	2.19
Financials – 5.06%			
	602,852 ASR Nederland	22,180	2.41
	1,684,029 ING Groep certificates	17,620	1.91
	206,202 NN	6,817	0.74
Industrials – 1.00%			
	268,498 Koninklijke Philips	9,248	1.00
Technology – 2.65%			
	155,630 ASML Holding	24,469	2.65
Total Netherlands		100,512	10.90

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Norway – 3.85% (31/08/17 – 2.67%)			
Consumer Goods – 1.04%			
575,196	Marine Harvest	9,584	1.04
Financials – 1.50%			
881,557	Den Norske Bank	13,853	1.50
Telecommunications – 1.31%			
828,378	Telenor	12,049	1.31
Total Norway		35,486	3.85
Portugal – 2.87% (31/08/17 – 3.35%)			
Oil & Gas – 2.87%			
1,701,882	Galp Energia SGPS	26,516	2.87
Total Portugal		26,516	2.87
Spain – 2.75% (31/08/17 – 4.65%)			
Financials – 1.28%			
3,081,432	Banco Santander	11,823	1.28
Industrials – 1.47%			
815,591	Ferrovial	13,598	1.47
Total Spain		25,421	2.75
Sweden – 1.62% (31/08/17 – 3.81%)			
Financials – 0.69%			
685,163	Handelsbanken 'A'	6,396	0.69
Industrials – 0.93%			
282,610	Assa Abloy 'B'	4,438	0.48
515,110	Epiroc 'A'	4,112	0.45
Total Sweden		14,946	1.62
Switzerland – 13.82% (31/08/17 – 10.23%)			
Basic Materials – 1.61%			
129,636	Sika	14,810	1.61
Consumer Goods – 2.48%			
353,602	Nestlé (registered)	22,887	2.48
Financials – 3.66%			
29,988	Partners	18,143	1.97
1,292,823	UBS Group (registered)	15,561	1.69
Healthcare – 5.27%			
339,192	Novartis (registered)	21,690	2.35
140,780	Roche Holding – participating	26,963	2.92
Industrials – 0.80%			
21,171	Geberit	7,421	0.80
Total Switzerland		127,475	13.82
Total value of investments		900,058	97.57
Net other assets		22,384	2.43
Total net assets		922,442	100.00

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

SUMMARY OF MATERIAL PORTFOLIO CHANGES

FOR THE YEAR ENDED 31 AUGUST 2018

Significant Purchases

	Cost £'000
Safran	19,876
Thales	18,406
Bayer	17,849
UniCredit	16,108
Merck KGaA	15,002
Tenaris	14,494
Covestro	14,425
Sika	12,802
LVMH	12,609
Symrise	11,505
Subtotal	153,076
Total cost of purchases, including the above, for the year	492,404

Significant Sales

	Proceeds £'000
Ryanair	23,633
Ubisoft Entertainment	18,479
Henkel Preference	17,714
Innogy	17,650
Banco Santander	17,146
ASML Holding	16,494
Infineon Technologies	15,312
Atlas Copco 'AB'	14,571
A.P.Moller-Maersk	13,519
SAP	12,703
Subtotal	167,221
Total proceeds from sales, including the above, for the year	443,387

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital (losses)/gains	2		(20,140)	161,858
Revenue	3	23,616		19,987
Expenses	4	(10,913)		(9,279)
Interest payable and similar charges		–		(1)
Net revenue before taxation		12,703		10,707
Taxation	5	(2,527)		(1,426)
Net revenue after taxation			10,176	9,281
Total (deficit)/return before distributions			(9,964)	171,139
Distributions	6		(10,176)	(9,042)
Change in net assets attributable to shareholders from investment activities			(20,140)	162,097

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		886,649	597,603
Amounts receivable on creation of shares	261,604		248,559
Amounts payable on cancellation of shares	(217,639)		(131,679)
		43,965	116,880
Dilution levy charged		215	143
Change in net assets attributable to shareholders from investment activities		(20,140)	162,097
Retained distributions on accumulation shares		11,753	9,926
Closing net assets attributable to shareholders		922,442	886,649

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		900,058	871,538
Current assets:			
Debtors	7	4,109	2,667
Cash and bank balances	8	19,360	13,522
Total assets		923,527	887,727
LIABILITIES			
Creditors:			
Other creditors	9	1,085	1,078
Total liabilities		1,085	1,078
Net assets attributable to shareholders		922,442	886,649

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital (losses)/gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(20,497)	161,819
Currency gains	384	56
Activity fees	(27)	(17)
Net capital (losses)/gains	(20,140)	161,858

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
Overseas dividends	23,449	19,706
Bank interest	34	4
Stock lending income	112	38
HMRC interest received	21	–
Stock dividends	–	239
Total revenue	23,616	19,987

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	10,594	8,997
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	70	62
Safe custody fees	124	103
	194	165
Other expenses:		
Registrar's fees	111	100
Audit fee	10	10
Printing & stationery fee	3	4
Professional fee	–	1
Legal fee	1	2
	125	117
Total expenses	10,913	9,279

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	1,026	1,426
Swiss tax reclaim written off	1,501	–
Current tax charge for the year	2,527	1,426

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	12,703	10,707
Corporation tax at 20% (31/08/17: 20%)	2,541	2,141
Effects of:		
Revenue not subject to taxation	(4,507)	(3,823)
Current year management expenses not utilised	1,994	1,707
Irrecoverable overseas tax	1,026	1,426
Swiss tax reclaim written off	1,501	–
Tax relief on overseas tax suffered	(28)	(25)
Current tax charge for the year	2,527	1,426

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £13,494,000 (31/08/17: £11,500,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	2	–
Final	11,751	9,926
	11,753	9,926
Add: Amounts deducted on cancellation of shares	119	544
Deduct: Amounts received on the creation of shares	(1,696)	(1,428)
Net distributions for the year	10,176	9,042

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

Net revenue after taxation	10,176	9,281
Stock dividend charged to capital	–	(239)
Net distributions for the year	10,176	9,042

Details of the distribution per share are set out on page 138.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	11	13
Sales awaiting settlement	2,654	–
Accrued revenue	403	193
Withholding tax recoverable	1,041	2,461
Total debtors	4,109	2,667

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	19,360	13,522
Total cash and bank balances	19,360	13,522

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	20	63
Accrued expenses	1,065	1,015
Total other creditors	1,085	1,078

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation
Opening shares at 01/09/17	96,366,486	313,572
Shares issued	28,952,680	131,856
Shares cancelled	(24,090,298)	(52,533)
Shares converted	(9,038)	8,612
Closing shares at 31/08/18	101,219,830	401,507

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £994,000 (31/08/17: £1,003,000).

At the year end, 31 August 2018, 93.66% (31/08/17: 93.05%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £28,000 (Gross: £140,000) (31/08/17: £10,000 (Gross: £48,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £26,782,000 (31/08/17: £89,248,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	14,530	53,124
Bonds	15,254	39,238

The aggregate value of collateral held at the balance sheet date was £29,784,000 (31/08/17: £92,362,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Morgan Stanley & Co International, Credit Suisse Securities (Europe) Limited, HSBC Bank, Natixis and Skandinaviska Enskilda Banken.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 131. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	5,055	12,097
Danish krone	20,301	36,272
Euro	714,566	688,937
Norwegian krone	38,398	23,659
Swedish krona	15,780	33,790
Swiss franc	128,101	91,892
Turkish lira	1	2
US dollar	240	–
Total	922,442	886,649

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £91,739,000 (31/08/17: £87,455,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £91,739,000 (31/08/17: £87,455,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £90,006,000 (31/08/17: £87,154,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £90,006,000 (31/08/17: £87,154,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £19,360,000 (31/08/17: £13,522,000) which earn interest by reference to LIBOR or international equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	489,903	160	0.03	416	0.08	40	0.01	490,519
Corporate actions	1,885	–	–	–	–	–	–	1,885
Total	491,788	160		416		40		492,404

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	443,066	411	0.09	–	–	–	–	442,655
Corporate actions	732	–	–	–	–	–	–	732
Total	443,798	411		–		–		443,387

Commissions, taxes and fees as % of average net assets

Commissions	0.07%
Taxes	0.05%
Other expenses	0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	488,187	309	0.06	554	0.11	38	0.01	489,088
Corporate actions	2,256	–	–	–	–	–	–	2,256
Total	490,443	309		554		38		491,344

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	367,485	323	0.09	–	–	–	–	367,162
Total	367,485	323		–		–		367,162

Commissions, taxes and fees as % of average net assets

Commissions	0.09%
Taxes	0.08%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.07% (31/08/17: 0.08%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	900,058	–	–	900,058
Total	900,058	–	–	900,058

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	871,538	–	–	871,538
Total	871,538	–	–	871,538

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Accumulation				
There was no distribution for the A Accumulation shares for the period ended 28 February 2018 (28/02/17: same).				
Class M Accumulation				
Group 1	0.5312	–	0.5312	0.0000
Group 2	0.1855	0.3457	0.5312	0.0000

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation				
Group 1	11.5396	–	11.5396	10.2490
Group 2	3.0717	8.4679	11.5396	10.2490
Class M Accumulation				
Group 1	17.5085	–	17.5085	15.6675
Group 2	6.7440	10.7645	17.5085	15.6675

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Dividend Growth Fund, Class A Accumulation	10.37	32.90	45.88
Royal London UK Dividend Growth Fund, Class M Accumulation	11.05	35.43	50.60

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was more than double that of the FTSE® All-Share Index during the 12-month period under review, helped by good stock selection.

Market and Portfolio Commentary

UK and global economic growth was generally supportive for equities during the term under review. In the UK, a strong labour market and weak productivity resulted in expansion that was broadly steady, but relatively sluggish. The Bank of England (BoE) raised its benchmark interest rate twice, judging that the UK economy had a limited degree of slack; elsewhere, the US Federal Reserve continued its programme of gradual rate rises, and central banks in other countries were in no hurry to tighten policy. Sterling strengthened during the period as a whole, posting its largest monthly gain in almost a year in September as the BoE gave an unusually strong steer of impending policy tightening; the currency weakened during the summer of 2018 amid mounting concern about a 'no deal' Brexit as the deadline for negotiations drew closer.

Holdings of Croda International, Hikma Pharmaceuticals and Aveva Group were significant contributors to Fund performance. Speciality chemicals manufacturer Croda International has focussed on higher margin market niches and reported record earnings as sales rose and profitability improved. Hikma Pharmaceuticals, which produces branded and generic medicines, performed poorly during the first half of the review term amid pressure on drug prices in the key US market. However, the stock more than doubled in the period's second half as Hikma Pharmaceuticals released solid results. Aveva Group, which makes engineering and industrial software, rose sharply in September on agreeing to merge with a unit of Schneider Electric.

Saga, Greene King and Standard Life Aberdeen were a drag on returns. Shares of Saga, which focusses on services including travel for older people, lost almost a third of their value in December as the company said the collapse of charter carrier Monarch Airlines and intensified competition in insurance broking would leave annual profit little changed. Pub and restaurant operator Greene King was hampered by pressure on consumer spending that led to site closings and reorganisations at other companies in the casual dining sector; at the same time, costs rose in areas including wages and business rates. Standard Life Aberdeen, the asset management company created about a year ago by a merger, performed poorly as investors withdrew money against a backdrop of greater preference for passively managed investment funds. In addition, Lloyds Banking Group decided to end a contract under which Standard Life Aberdeen manages £109 billion.

The Fund established some new positions during the review period including Sabre Insurance (via participation in the company's initial public offering), medical equipment producer ConvaTec and automotive components maker TI Fluid Systems. Drugmaker Shire and Domino's Pizza were among exposures that were sold, while the Fund took profits on holdings including Hikma Pharmaceuticals and media companies ZPG (which was the subject of a takeover bid), Ascential and Informa.

The Fund seeks to achieve a growing income with some capital growth and invests mainly in UK equities. It typically holds 45 to 55 stocks. We look for companies with strong business models, robust cashflows and appropriate balance sheets, all traits which should allow long term dividend growth. The fund is, as ever, not afraid of buying into shares that have been weak and where sentiment is poor, provided that we believe the company is sound and meets our criteria on business quality, debt levels and cash flow. Examples of this kind of trade, which supported performance in the period under review, are purchases of Hikma Pharmaceuticals and shipbroker Clarkson.

Richard Marwood
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	323.01	279.78	270.50
Return before operating charges*	34.87	47.10	12.63
Operating charges	(4.29)	(3.87)	(3.35)
Return after operating charges*	30.58	43.23	9.28
Distributions on accumulation shares	(10.18)	(7.21)	(6.52)
Retained distributions on accumulation shares	10.18	7.21	6.52
Closing net asset value per share	353.59	323.01	279.78
* after direct transaction costs of:	0.58	1.06	1.08
Performance			
Return after charges	9.47%	15.45%	3.43%
Other information			
Closing net asset value (£'000)	841,490	770,530	562,480
Closing number of shares	237,983,580	238,549,141	201,042,434
Operating charges	1.27%	1.28%	1.28%
Direct transaction costs	0.17%	0.35%	0.42%
Prices[^]			
Highest share price	361.60	326.70	284.90
Lowest share price	314.50	272.00	232.30

Class M Accumulation

Change in net assets per share	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Opening net asset value per share	168.78	145.28	139.56
Return before operating charges*	18.31	24.52	6.60
Operating charges	(1.14)	(1.02)	(0.88)
Return after operating charges*	17.17	23.50	5.72
Distributions on accumulation shares	(5.88)	(4.75)	(4.23)
Retained distributions on accumulation shares	5.88	4.75	4.23
Closing net asset value per share	185.95	168.78	145.28
* after direct transaction costs of:	0.31	0.55	0.56
Performance			
Return after charges	10.17%	16.18%	4.10%
Other information			
Closing net asset value (£'000)	3,798	784	735
Closing number of shares	2,042,317	464,506	505,549
Operating charges	0.64%	0.65%	0.65%
Direct transaction costs	0.17%	0.35%	0.42%
Prices[^]			
Highest share price	189.80	170.70	147.90
Lowest share price	164.90	141.40	120.20

COMPARATIVE TABLES (CONTINUED)

Class M Income

	31/08/18 ¹ (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(0.05)
Operating charges	(0.19)
Return after operating charges*	(0.24)
Distributions on income shares	(1.28)
Closing net asset value per share	98.48

* after direct transaction costs of: 0.17

Performance

Return after charges (0.24)%

Other information

Closing net asset value (£'000)	4
Closing number of shares	4,500
Operating charges	0.64%
Direct transaction costs	0.17%

Prices[^]

Highest share price	101.80
Lowest share price	97.80

¹ Class M Income launched on 15 May 2018.

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

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

Royal London UK Dividend Growth Fund (Formerly Royal London UK Growth Fund)

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 98.00% (31/08/17 – 97.17%)			
Oil & Gas – 8.45% (31/08/17 – 8.36%)			
Oil & Gas Producers – 8.45%			
5,600,000	BP	30,649	3.63
1,605,000	Royal Dutch Shell 'B'	40,775	4.82
Total Oil & Gas		71,424	8.45
Basic Materials – 10.16% (31/08/17 – 11.15%)			
Chemicals – 4.48%			
375,000	Croda International	19,110	2.26
537,348	Johnson Matthey	18,786	2.22
Mining – 5.68%			
8,000,000	Glencore	25,084	2.97
625,000	Rio Tinto	22,869	2.71
Total Basic Materials		85,849	10.16
Industrials – 16.78% (31/08/17 – 12.06%)			
Construction & Materials – 1.67%			
5,750,000	Ibstock	14,110	1.67
Electronic & Electrical Equipment – 1.74%			
625,000	Spectris	14,706	1.74
General Industrials – 3.53%			
13,458,570	Coats Group	11,184	1.32
3,786,363	Smith (DS)	18,705	2.21
Industrial Engineering – 1.91%			
1,700,000	Bodycote International	16,124	1.91
Industrial Transportation – 3.47%			
6,000,000	BBA	18,552	2.19
380,371	Clarkson	10,803	1.28
Support Services – 4.46%			
1,250,000	Aggreko	10,482	1.24
850,000	Ashtead Group	20,077	2.38
3,000,000	BCA Marketplace	7,080	0.84
Total Industrials		141,823	16.78
Consumer Goods – 8.80% (31/08/17 – 6.64%)			
Automobiles & Parts – 1.13%			
3,333,000	TI Fluid Systems	9,586	1.13
Food Producers – 1.13%			
5,075,000	Bakkavor	9,521	1.13
Household Goods – 1.58%			
12,000,000	McCarthy & Stone	13,368	1.58
Tobacco – 4.96%			
575,000	British American Tobacco	21,399	2.53
750,000	Imperial Brands	20,580	2.43
Total Consumer Goods		74,454	8.80

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Healthcare – 8.49% (31/08/17 – 11.20%)			
Healthcare Equipment & Services – 2.71%			
6,000,000	ConvaTec	12,798	1.51
750,000	Smith & Nephew	10,177	1.20
Pharmaceuticals & Biotechnology – 5.78%			
300,000	AstraZeneca	17,385	2.06
1,000,000	GlaxoSmithKline	15,604	1.85
800,000	Hikma Pharmaceuticals	15,776	1.87
Total Healthcare		71,740	8.49
Consumer Services – 19.80% (31/08/17 – 18.44%)			
Food & Drug Retailers – 1.09%			
3,500,000	Morrison (Wm) Supermarkets	9,214	1.09
General Retailers – 3.80%			
3,250,000	B&M European Value Retail	13,403	1.59
1,575,000	Dunelm	8,190	0.97
8,300,000	Saga	10,508	1.24
Media – 9.56%			
4,400,000	Ascential	18,946	2.24
2,250,000	Daily Mail & General Trust	16,920	2.00
1,500,000	Informa	11,436	1.35
10,000,000	ITV	16,060	1.90
1,025,000	RELX	17,512	2.07
Travel & Leisure – 5.35%			
350,000	Carnival	16,205	1.92
6,211,248	Cineworld	19,255	2.28
2,000,000	Greene King	9,732	1.15
Total Consumer Services		167,381	19.80
Telecommunications – 1.54% (31/08/17 – 2.28%)			
Fixed Line Telecommunications – 1.54%			
6,000,000	BT Group	13,038	1.54
Total Telecommunications		13,038	1.54
Utilities – 1.72% (31/08/17 – 2.10%)			
Gas Water & Multiutilities – 1.72%			
1,160,710	Pennon Group	8,921	1.06
750,000	United Utilities	5,560	0.66
Total Utilities		14,481	1.72
Financials – 17.93% (31/08/17 – 19.62%)			
Banks – 5.39%			
12,050,000	Barclays	21,172	2.50
3,650,000	HSBC	24,411	2.89
Life Insurance – 4.39%			
2,750,000	Aviva	13,337	1.58
825,000	Prudential	14,314	1.69
3,000,000	Standard Life Aberdeen	9,507	1.12

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 17.93% (31/08/17 – 19.62%) – continued			
Non-Life Insurance – 1.51%			
4,600,000	Sabre Insurance	12,742	1.51
Real Estate Investment Trusts – 1.42%			
4,275,902	Itacare*	–	–
1,350,000	Unite Group	11,968	1.42
Financial Services – 5.22%			
1,713,917	3i Group	15,343	1.82
768,700	Close Brothers	12,268	1.45
1,575,000	Intermediate Capital	16,522	1.95
Total Financials		151,584	17.93
Technology – 4.33% (31/08/17 – 5.32%)			
Software & Computer Services – 4.33%			
660,000	Aveva Group	18,731	2.22
3,000,000	Sage	17,862	2.11
Total Technology		36,593	4.33
Total value of investments		828,367	98.00
Net other assets		16,925	2.00
Total net assets		845,292	100.00

* Unlisted

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 AUGUST 2018

Significant Purchases

	Cost £'000
Barclays	23,007
Daily Mail & General Trust	14,684
Ibstock	13,873
ConvaTec	13,579
McCarthy & Stone	12,991
Sabre Insurance	10,983
Coats Group	10,715
Aggreko	9,995
Clarkson	9,514
Bakkavor	9,299
Subtotal	128,640
Total cost of purchases, including the above, for the year	238,274

Significant Sales

	Proceeds £'000
Zoopla Property	17,596
Shire	16,423
Hargreaves Lansdown	13,351
BCA Marketplace	11,220
Hikma Pharmaceuticals	11,202
Lloyds Banking Group	9,823
Glencore	9,412
Domino's Pizza	9,231
Paragon Group	9,119
Informa	8,275
Subtotal	115,652
Total proceeds from sales, including the above, for the year	207,084

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Income					
Net capital gains	2		53,959		80,318
Revenue	3	29,328		25,504	
Expenses	4	(10,269)		(8,733)	
Interest payable and similar charges		–		(2)	
Net revenue before taxation		19,059		16,769	
Taxation	5	(33)		(31)	
Net revenue after taxation			19,026		16,738
Total return before distributions			72,985		97,056
Distributions	6		(24,305)		(16,611)
Change in net assets attributable to shareholders from investment activities			48,680		80,445

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		771,314		563,215
Amounts receivable on creation of shares	3,779		113,459	
Amounts payable on cancellation of shares	(2,789)		(2,818)	
		990		110,641
Change in net assets attributable to shareholders from investment activities		48,680		80,445
Retained distributions on accumulation shares		24,308		17,013
Closing net assets attributable to shareholders		845,292		771,314

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		828,367	749,516
Current assets:			
Debtors	7	9,611	7,017
Cash and bank balances	8	8,339	17,323
Total assets		846,317	773,856
LIABILITIES			
Creditors:			
Other creditors	9	1,025	2,542
Total liabilities		1,025	2,542
Net assets attributable to shareholders		845,292	771,314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	53,965	80,317
Currency (losses)/gains	(4)	4
Activity fees	(2)	(3)
Net capital gains	53,959	80,318

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	27,791	24,813
Overseas dividends	838	293
Property investment income (PID)	445	225
Bank interest	25	4
Stock lending income	229	42
Stock dividends	–	127
Total revenue	29,328	25,504

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	10,080	8,557
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	70	61
Safe custody fees	13	11
	83	72
Other expenses:		
Registrar's fees	91	88
Audit fee	10	11
Printing & stationery fee	4	3
Legal fee	1	2
	106	104
Total expenses	10,269	8,733

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	33	31
Current tax charge for the year	33	31

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	19,059	16,769
Corporation tax at 20% (31/08/17: 20%)	3,812	3,354
Effects of:		
Revenue not subject to taxation	(5,726)	(5,047)
Current year expenses not utilised	1,914	1,693
Irrecoverable overseas tax	33	31
Current tax charge for the year	33	31

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £12,981,000 (31/08/17: £11,067,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
First Interim	5,007	6,388
Second Interim	10,424	–
Final	8,877	10,625
	24,308	17,013
Add: Amounts deducted on cancellation of shares	11	15
Deduct: Amounts received on the creation of shares	(14)	(417)
Net distributions for the year	24,305	16,611

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

Net revenue after taxation	19,026	16,738
Expenses charged to capital	5,279	–
Stock dividend charged to capital	–	(127)
Net distributions for the year	24,305	16,611

From 1 March 2018 expenses are now charged to capital.

Details of the distribution per share are set out on page 153.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	–	3
Sales awaiting settlement	2,975	1,563
Accrued revenue	6,636	5,451
Total debtors	9,611	7,017

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	8,339	17,323
Total cash and bank balances	8,339	17,323

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	60	7
Purchases awaiting settlement	–	1,673
Accrued expenses	965	862
Total other creditors	1,025	2,542

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation	Class M Income
Opening shares at 01/09/17	238,549,141	464,506	–
Shares issued	267,735	1,560,578	4,500
Shares cancelled	(797,421)	(51,254)	–
Shares converted	(35,875)	68,487	–
Closing shares at 31/08/18	237,983,580	2,042,317	4,500

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £963,000 (31/08/17: £820,000).

At the year end, 31 August 2018, 94.07% (31/08/17: 93.82%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £57,000 (Gross: £286,000) (31/08/17: £10,000 (Gross: £52,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £42,961,000 (31/08/17: £48,666,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	22,557	36,632
Bonds	22,684	14,060

The aggregate value of collateral held at the balance sheet date was £45,241,000 (31/08/17: £50,692,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Banco Santander, Bank of Nova Scotia, Goldman Sachs International, HSBC Bank and JP Morgan Securities.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the Balance Sheet on page 146. There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

A proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	843,410	769,368
Euro	149	61
US dollar	1,733	1,885
Total	845,292	771,314

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £188,000 (31/08/17: £195,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £188,000 (31/08/17: £195,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £82,837,000 (31/08/17: £74,952,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £82,837,000 (31/08/17: £74,952,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £8,338,569 (31/08/17: £17,322,685) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	226,071	190	0.08	874	0.39	135	0.06	227,270
Corporate actions	11,004	–	–	–	–	–	–	11,004
Total	237,075	190		874		135		238,274

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	207,278	194	0.09	–	–	–	–	207,084
Corporate actions	–	–	–	–	–	–	–	–
Total	207,278	194		–		–		207,084

Commissions, taxes and fees as % of average net assets

Commissions 0.05%

Taxes 0.11%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	347,724	461	0.13	1,448	0.42	137	0.04	349,770
Corporate actions	1,655	–	–	–	–	–	–	1,655
Total	349,379	461		1,448		137		351,425

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	231,463	336	0.15	–	–	–	–	231,127
Corporate actions	3,120	–	–	–	–	–	–	3,120
Total	234,583	336		–		–		234,247

Commissions, taxes and fees as % of average net assets

Commissions 0.12%

Taxes 0.21%

Other expenses 0.02%

At the balance sheet date the portfolio dealing spread was 0.08% (31/08/17: 0.08%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investments				
Equities	828,367	–	–	828,367
Total	828,367	–	–	828,367

For the year ended 31 August 2017

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investments				
Equities	749,516	–	–	749,516
Total	749,516	–	–	749,516

Royal London UK Dividend Growth Fund (Formerly Royal London UK Growth Fund)

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FIRST INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Accumulation				
Group 1	2.0977	–	2.0977	2.7627
Group 2	1.2600	0.8377	2.0977	2.7627
Class M Accumulation				
Group 1	1.6407	–	1.6407	1.9029
Group 2	0.6273	1.0134	1.6407	1.9029

SECOND INTERIM

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 May 2018

	Net income	Equalisation	Distribution paid 31/07/18	Distribution paid 31/07/17
Class A Accumulation				
Group 1	4.3699	–	4.3699	0.0000
Group 2	3.4652	0.9047	4.3699	0.0000
Class M Accumulation				
Group 1	2.2925	–	2.2925	0.0000
Group 2	1.1837	1.1088	2.2925	0.0000
Class M Income¹				
Group 1	0.2304	–	0.2304	n/a
Group 2	0.2304	0.0000	0.2304	n/a

¹ Class M Income launched on 15 May 2018

FINAL

Group 1: Shares purchased prior to 1 June 2018

Group 2: Shares purchased between 1 June 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation				
Group 1	3.7134	–	3.7134	4.4484
Group 2	2.4769	1.2365	3.7134	4.4484
Class M Accumulation				
Group 1	1.9516	–	1.9516	2.8462
Group 2	1.4005	0.5511	1.9516	2.8462
Class M Income¹				
Group 1	1.0446	–	1.0446	n/a
Group 2	1.0446	0.0000	1.0446	n/a

¹ Class M Income launched on 15 May 2018.

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Equity Income Fund, Class A Income	6.06	32.91	54.04
Royal London UK Equity Income Fund, Class M Accumulation	6.72	35.44	58.90
Royal London UK Equity Income Fund, Class M Income	6.72	35.43	58.98
Royal London UK Equity Income Fund, Class Z Income	6.74	35.74	–

Class Z Income launched 2 December 2013.

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund exceeded that of the broad UK equity market during the 12-month period under review, using the FTSE® All-Share Index as a guide. Good stock selection supported returns.

Fund activity during the review period included establishing allocations to cheese and butter producer Dairy Crest Group and real estate company Land Securities. Profits were taken on holdings including oil and gas producer Royal Dutch Shell, real estate company SEGRO, financial 3i Group and media companies RELX and Informa.

Market and Portfolio Commentary

UK and global economic growth was generally supportive for equities during the term under review. In the UK, a strong labour market and weak productivity resulted in expansion that was broadly steady, but relatively sluggish. The Bank of England (BoE) raised its benchmark interest rate twice, judging that the UK economy had a limited degree of slack; elsewhere, the US Federal Reserve continued its programme of gradual rate rises, and central banks in other countries were in no hurry to tighten policy. Sterling strengthened during the period as a whole, posting its largest monthly gain in almost a year in September as the BoE gave an unusually strong steer of impending policy tightening; the currency weakened during the summer of 2018 amid mounting concern about a 'no deal' Brexit as the deadline for negotiations drew closer.

Positions in Hargreaves Lansdown, IG Group Holdings and AstraZeneca were key contributors to performance during the review period. Hargreaves Lansdown, an investment platform and fund manager, and IG Group, which provides online trading services, both focus on retail investors and reported higher annual profits after the number of customers increased. Both companies also increased their dividends by more than 30%. In addition, IG Group benefited from the perception that its business is strong enough to withstand a regulatory crackdown on some types of financial betting. Pharmaceutical company AstraZeneca was aided by cost reductions and contributions to sales from new products, helping to compensate as older treatments lose patent protection and become vulnerable to competition from generic drugs.

The allocations to British American Tobacco, Saga and McCarthy & Stone detracted from returns. Along with other established cigarette companies, British American Tobacco performed poorly in 2018's first half on doubts about the ability of new products that vaporise or heat tobacco without burning it to overcome slowing sales of cigarettes. The stock recorded its largest quarterly fall since 1999 in the first three months of 2018. Shares of Saga, which focusses on services such as travel for older people, lost almost a third of their value in December as the company said the collapse of charter carrier Monarch Airlines and intensified competition in insurance broking would leave annual profit little changed. Stock in McCarthy & Stone fell by almost a quarter in June as the housebuilder issued a profit warning after sales slowed and announced the departure of its chief executive officer.

The Fund seeks to achieve a combination of income and some capital growth by investing in high yielding UK stocks, with a particular emphasis on companies generating significant free cashflow to fund sustainable dividend payments. It typically holds 40 to 60 shares. The Fund is underpinned by cautious economic growth assumptions, and its focus on strong market positions, cashflow-backed dividends and robust balance sheets should provide resilience in a whole range of possible economic outcomes.

Martin Cholwill
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Income

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	775.20	733.90	674.76
Return before operating charges*	49.32	81.38	96.51
Operating charges	(10.19)	(9.97)	(8.84)
Return after operating charges*	39.13	71.41	87.67
Distributions on income shares	(32.55)	(30.11)	(28.53)
Closing net asset value per share	781.78	775.20	733.90
* after direct transaction costs of:	0.53	1.33	0.68
Performance			
Return after charges	5.05%	9.73%	12.99%
Other information			
Closing net asset value (£'000)	324,042	307,370	276,079
Closing number of shares	41,449,509	39,650,305	37,618,151
Operating charges	1.30%	1.31%	1.29%
Direct transaction costs	0.07%	0.17%	0.10%
Prices[^]			
Highest share price	825.50	813.70	755.70
Lowest share price	727.80	706.10	618.10

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	189.74	171.65	150.55
Return before operating charges*	12.30	19.33	22.13
Operating charges	(1.31)	(1.24)	(1.03)
Return after operating charges*	10.99	18.09	21.10
Distributions on accumulation shares	(8.12)	(7.17)	(6.49)
Retained distributions on accumulation shares	8.12	7.17	6.49
Closing net asset value per share	200.73	189.74	171.65
* after direct transaction costs of:	0.13	0.32	0.16
Performance			
Return after charges	5.79%	10.54%	14.02%
Other information			
Closing net asset value (£'000)	605,559	521,475	379,666
Closing number of shares	301,678,279	274,843,457	221,181,344
Operating charges	0.67%	0.68%	0.66%
Direct transaction costs	0.07%	0.17%	0.10%
Prices[^]			
Highest share price	206.80	195.60	174.80
Lowest share price	182.10	166.90	139.40

COMPARATIVE TABLES (CONTINUED)

Class M Income

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	809.05	761.11	695.37
Return before operating charges*	51.61	84.67	99.93
Operating charges	(5.50)	(5.39)	(4.68)
Return after operating charges*	46.11	79.28	95.25
Distributions on income shares	(34.08)	(31.34)	(29.51)
Closing net asset value per share	821.08	809.05	761.11
* after direct transaction costs of:	0.55	1.39	0.71
Performance			
Return after charges	5.70%	10.42%	13.70%
Other information			
Closing net asset value (£'000)	610,887	572,219	533,865
Closing number of shares	74,400,005	70,727,635	70,142,515
Operating charges	0.67%	0.68%	0.66%
Direct transaction costs	0.07%	0.17%	0.10%
Prices[^]			
Highest share price	865.50	847.90	783.50
Lowest share price	762.30	733.50	638.80

Class Z Income

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	121.37	114.10	104.17
Return before operating charges*	7.75	12.69	14.98
Operating charges	(0.74)	(0.72)	(0.63)
Return after operating charges*	7.01	11.97	14.35
Distributions on income shares	(5.12)	(4.70)	(4.42)
Closing net asset value per share	123.26	121.37	114.10
* after direct transaction costs of:	0.08	0.21	0.11
Performance			
Return after charges	5.78%	10.49%	13.78%
Other information			
Closing net asset value (£'000)	505,963	488,234	454,308
Closing number of shares	410,475,536	402,262,398	398,149,440
Operating charges	0.60%	0.61%	0.59%
Direct transaction costs	0.07%	0.17%	0.10%
Prices[^]			
Highest share price	129.90	127.20	117.50
Lowest share price	114.40	110.00	95.73

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 98.02% (31/08/17 – 98.77%)			
Oil & Gas – 9.59% (31/08/17 – 9.05%)			
Oil & Gas Producers – 9.59%			
15,845,207	BP	86,721	4.24
4,309,294	Royal Dutch Shell 'B'	109,478	5.35
Total Oil & Gas		196,199	9.59
Basic Materials – 4.54% (31/08/17 – 4.43%)			
Chemicals – 2.18%			
1,276,890	Johnson Matthey	44,640	2.18
Mining – 2.36%			
1,319,716	Rio Tinto	48,288	2.36
Total Basic Materials		92,928	4.54
Industrials – 19.50% (31/08/17 – 20.42%)			
Construction & Materials – 1.23%			
5,566,075	Marshalls	25,114	1.23
Aerospace & Defence – 2.17%			
7,321,921	BAE Systems	44,356	2.17
General Industrials – 1.87%			
2,371,961	Smiths Group	38,224	1.87
Electronic & Electrical Equipment – 3.20%			
2,110,672	Halma	30,225	1.48
1,497,106	Spectris	35,227	1.72
Industrial Engineering – 4.25%			
3,123,804	IMI	37,704	1.84
436,684	Spirax-Sarco Engineering	31,114	1.52
1,435,800	Vitec	18,163	0.89
Industrial Transportation – 3.10%			
15,344,538	BBA Aviation	47,445	2.32
6,728,500	Stobart Group	15,980	0.78
Support Services – 3.68%			
3,600,168	De La Rue	16,993	0.83
2,424,251	Diploma	35,297	1.72
14,876,400	Renewi	9,372	0.45
1,773,500	Ricardo	13,904	0.68
Total Industrials		399,118	19.50
Consumer Goods – 5.32% (31/08/17 – 5.50%)			
Food Producers – 1.27%			
5,482,886	Dairy Crest	26,044	1.27
Household Goods – 1.33%			
24,491,522	McCarthy & Stone	27,284	1.33
Tobacco – 2.72%			
795,898	British American Tobacco	29,619	1.45
944,615	Imperial Brands	25,920	1.27
Total Consumer Goods		108,867	5.32
Healthcare – 9.01% (31/08/17 – 8.31%)			
Pharmaceuticals & Biotechnology – 9.01%			
1,758,652	AstraZeneca	101,914	4.98
5,284,374	GlaxoSmithKline	82,457	4.03
Total Healthcare		184,371	9.01

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Services – 17.71% (31/08/17 – 18.09%)			
General Retailers – 4.73%			
5,156,101	Dunelm	26,812	1.31
23,255,817	Saga	29,442	1.44
1,964,090	WH Smith	40,500	1.98
Media – 8.16%			
5,900,188	Daily Mail & General Trust	44,369	2.17
5,366,149	Informa	40,912	2.00
26,507,755	ITV	42,571	2.08
2,290,186	RELX	39,128	1.91
Travel & Leisure – 4.82%			
15,054,739	Cineworld	46,670	2.28
6,359,368	Greene King	30,945	1.51
7,240,506	Restaurant Group	21,186	1.03
Total Consumer Services		362,535	17.71
Telecommunications – 1.65% (31/08/17 – 1.69%)			
Fixed Line Telecommunications – 1.65%			
15,523,897	BT Group	33,733	1.65
Total Telecommunications		33,733	1.65
Utilities – 4.99% (31/08/17 – 4.72%)			
Gas, Water & Multiutilities – 4.99%			
4,321,119	Pennon Group	33,212	1.62
1,702,232	Severn Trent	34,062	1.67
4,699,025	United Utilities	34,839	1.70
Total Utilities		102,113	4.99
Financials – 25.71% (31/08/17 – 26.56%)			
Banks – 4.10%			
12,543,262	HSBC	83,889	4.10
Non-Life Insurance – 0.36%			
1,502,446	Personal Group	7,302	0.36
Life Insurance – 3.22%			
10,444,484	Aviva	50,656	2.47
4,067,600	Chesnara	15,376	0.75
Financial Services – 13.78%			
2,292,792	3i Group	20,525	1.00
10,371,327	Brewin Dolphin	37,606	1.84
2,866,716	Close Brothers	45,753	2.24
2,432,745	Hargreaves Lansdown	53,472	2.61
5,708,977	IG Group	51,609	2.52
7,430,345	Investec	37,612	1.84
7,607,631	Paragon Banking	35,360	1.73
Real Estate Investment Trusts – 2.27%			
17,927,449	Intu Properties	28,298	1.38
2,765,800	SEGRO	18,205	0.89
Real Estate Investment Services – 1.98%			
4,414,118	Land Securities	40,455	1.98
Total Financials		526,118	25.71
Total value of investments		2,005,982	98.02
Net other assets		40,469	1.98
Total net assets		2,046,451	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
Land Securities	42,760
Dairy Crest	27,428
Cineworld	21,373
United Utilities	11,684
BT Group	11,229
Severn Trent	9,581
Intu Properties	8,499
Royal Dutch Shell 'B'	6,433
De La Rue	5,703
Pennon Group	5,535
Subtotal	150,225
Total cost of purchases, including the above, for the year	235,300

Significant Sales

	Proceeds £'000
SEGRO	26,935
Royal Dutch Shell 'B'	17,351
3i Group	13,576
Hargreaves Lansdown	11,504
Halma	7,220
Diploma	6,704
Spirax-Sarco Engineering	5,987
Informa	5,267
Cineworld	3,985
BBA Aviation	3,976
Subtotal	102,505
Total proceeds from sales, including the above, for the year	137,534

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		42,130	119,205
Revenue	3	83,720		71,030
Expenses	4	(14,998)		(13,583)
Net revenue before taxation		68,722		57,447
Taxation	5	–		–
Net revenue after taxation			68,722	57,447
Total return before distributions			110,852	176,652
Distributions	6		(82,956)	(70,521)
Change in net assets attributable to shareholders from investment activities			27,896	106,131

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		1,889,298	1,643,918
Amounts receivable on creation of shares	230,846		244,045
Amounts payable on cancellation of shares	(125,208)		(123,245)
		105,638	120,800
Dilution levy charged		45	109
Change in net assets attributable to shareholders from investment activities		27,896	106,131
Retained distributions on accumulation shares		23,564	18,332
Unclaimed distributions		10	8
Closing net assets attributable to shareholders		2,046,451	1,889,298

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		2,005,982	1,866,079
Current assets:			
Debtors	7	15,126	15,931
Cash and bank balances	8	44,865	26,195
Total assets		2,065,973	1,908,205
LIABILITIES			
Creditors:			
Distribution payable		17,441	14,646
Other creditors	9	2,081	4,261
Total liabilities		19,522	18,907
Net assets attributable to shareholders		2,046,451	1,889,298

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	42,137	119,226
Activity fees	(7)	(21)
Net capital gains	42,130	119,205

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	78,697	67,647
Overseas dividends	1,204	836
Property investment income (PID)	3,582	2,404
Bank interest	95	14
Stock lending income	142	126
Underwriting commission	–	3
Total revenue	83,720	71,030

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	14,000	12,530
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	140	126
Safe custody fees	30	27
	170	153
Other expenses:		
Registrar's fees	811	875
Audit fee	13	13
Printing & stationery fee	3	7
Professional fee	–	1
Legal fee	1	4
	828	900
Total expenses	14,998	13,583

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Corporation tax at 20%	–	–
Current tax charge for the year	–	–

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	68,722	57,447
Corporation tax at 20%	13,744	11,489
Effects of:		
Revenue not subject to taxation	(15,979)	(13,697)
Current year management expenses not utilised	2,235	2,208
Current tax charge for the year	–	–

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £17,069,000 (31/08/17: £14,834,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
First Interim	4,842	3,453
Second Interim	5,052	4,043
Third Interim	6,429	5,312
Final	7,241	5,524
	23,564	18,332
Income shares		
First Interim	12,793	11,034
Second Interim	13,208	12,321
Third Interim	16,313	14,591
Final	17,441	14,646
	59,755	52,592
	83,319	70,924
Add: Amounts deducted on cancellation of shares	687	630
Deduct: Amounts received on the creation of shares	(1,050)	(1,033)
Net distributions for the year	82,956	70,521

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

Net revenue after taxation	68,722	57,447
Expenses charged to capital	14,998	13,583
Less: Tax relief on expenses charged to capital	(764)	(509)
Net distributions for the year	82,956	70,521

Details of the distribution per share are set out on pages 167 and 168.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	1,302	1,757
Sales awaiting settlement	–	1,802
Accrued revenue	13,824	12,372
Total debtors	15,126	15,931

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	44,865	26,195
Total cash and bank balances	44,865	26,195

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	560	714
Purchases awaiting settlement	–	2,198
Accrued expenses	1,521	1,349
Total other creditors	2,081	4,261

10. Reconciliation of number of shares

	Class A Income	Class M Accumulation	Class M Income	Class Z Income
Opening shares at 01/09/17	39,650,305	274,843,457	70,727,635	402,262,398
Shares issued	3,711,762	39,250,989	13,109,022	15,267,102
Shares cancelled	(1,808,090)	(8,191,220)	(2,553,604)	(60,202,740)
Shares converted	(104,468)	(4,224,947)	(6,883,048)	53,148,776
Closing shares at 31/08/18	41,449,509	301,678,279	74,400,005	410,475,536

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £498,000 (31/08/17: £94,000).

At the year end, 31 August 2018, 3.48% (31/08/17: 3.37%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £35,000 (Gross: £177,000) (31/08/17: £32,000 (Gross: £158,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £109,242,000 (31/08/17: £77,479,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	107,590	79,918
Bonds	6,051	–

The aggregate value of collateral held at the balance sheet date was £113,641,000 (31/08/17: £79,918,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were ABM Amro Bank, Bank of Nova Scotia, Credit Suisse Securities (Europe) limited, HSBC Bank, Natixis and Santander.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 160. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	2,041,454	1,884,221
Euro	3	3
US dollar	4,994	5,074
Total	2,046,451	1,889,298

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £500,000 (31/08/17: £508,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £500,000 (31/08/17: £508,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £200,598,000 (31/08/17: £186,608,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £200,598,000 (31/08/17: £186,608,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £44,865,000 (31/08/17: £26,195,000) which earn interest by reference to LIBOR or international equivalent.

Interest risk is considered insignificant so no sensitivity analysis is required (31/08/17: same).

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	213,803	199	0.09	877	0.41	100	0.05	214,979
Corporate actions	20,321	–	–	–	–	–	–	20,321
Total	234,124	199		877		100		235,300

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	137,692	158	0.11	–	–	–	–	137,534
Total	137,692	158		–		–		137,534

Commissions, taxes and fees as % of average net assets

Commissions 0.02%

Taxes 0.04%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	441,375	476	0.11	2,140	0.48	36	0.01	444,027
Corporate actions	7,976	–	–	–	–	–	–	7,976
Total	449,351	476		2,140		36		452,003

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	317,693	454	0.14	–	–	–	–	317,239
Corporate actions	11,168	–	–	–	–	–	–	11,168
Total	328,861	454		–		–		328,407

Commissions, taxes and fees as % of average net assets

Commissions 0.05%

Taxes 0.12%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.10% (31/08/17: 0.09%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	2,005,982	–	–	2,005,982
Total	2,005,982	–	–	2,005,982

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	1,866,079	–	–	1,866,079
Total	1,866,079	–	–	1,866,079

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FIRST INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 30 November 2017

	Net income	Equalisation	Distribution paid 31/01/18	Distribution paid 31/01/17
Class A Income				
Group 1	7.1502	–	7.1502	6.4283
Group 2	4.2630	2.8872	7.1502	6.4283
Class M Accumulation				
Group 1	1.7516	–	1.7516	1.5047
Group 2	0.9071	0.8445	1.7516	1.5047
Class M Income				
Group 1	7.4690	–	7.4690	6.6721
Group 2	4.7186	2.7504	7.4690	6.6721
Class Z Income				
Group 1	1.1206	–	1.1206	1.0003
Group 2	0.4407	0.6799	1.1206	1.0003

SECOND INTERIM

Group 1: Shares purchased prior to 1 December 2017

Group 2: Shares purchased between 1 December 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Income				
Group 1	7.1629	–	7.1629	6.9953
Group 2	3.9661	3.1968	7.1629	6.9953
Class M Accumulation				
Group 1	1.7738	–	1.7738	1.6550
Group 2	1.0005	0.7733	1.7738	1.6550
Class M Income				
Group 1	7.4942	–	7.4942	7.2737
Group 2	4.2857	3.2085	7.4942	7.2737
Class Z Income				
Group 1	1.1246	–	1.1246	1.0908
Group 2	0.7415	0.3831	1.1246	1.0908

DISTRIBUTION TABLES (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

THIRD INTERIM

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 May 2018

	Net income	Equalisation	Distribution paid 31/07/18	Distribution paid 31/07/17
Class A Income				
Group 1	8.7639	—	8.7639	8.3822
Group 2	5.3677	3.3962	8.7639	8.3822
Class M Accumulation				
Group 1	2.1940	—	2.1940	2.0043
Group 2	1.2853	0.9087	2.1940	2.0043
Class M Income				
Group 1	9.1830	—	9.1830	8.7279
Group 2	4.7622	4.4208	9.1830	8.7279
Class Z Income				
Group 1	1.3782	—	1.3782	1.3090
Group 2	0.6957	0.6825	1.3782	1.3090

FINAL

Group 1: Shares purchased prior to 1 June 2018

Group 2: Shares purchased between 1 June 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Income				
Group 1	9.4688	—	9.4688	8.3050
Group 2	4.9468	4.5220	9.4688	8.3050
Class M Accumulation				
Group 1	2.4003	—	2.4003	2.0098
Group 2	1.2060	1.1943	2.4003	2.0098
Class M Income				
Group 1	9.9372	—	9.9372	8.6615
Group 2	5.1106	4.8266	9.9372	8.6615
Class Z Income				
Group 1	1.4916	—	1.4916	1.2993
Group 2	0.7198	0.7718	1.4916	1.2993

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Equity Fund, Class M Accumulation	8.17	32.43	46.52

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was well ahead of the wider UK equity market during the 12-month period under review, using the FTSE® All-Share Index as a guide. Good stock selection and taking of profits on portfolio holdings contributed to this performance.

The Fund continues to seek those companies that can deliver sustained growth, despite the challenges of the economic environment. The factors that we particularly focus upon include the quality of the business model, the strength of the management team and a macroeconomic assessment of where corporates can find the most supportive operating conditions to run a business.

Market and Portfolio Commentary

Over the last 12 months, equity markets moved higher and delivered attractive returns. The reason for this lies in the continuing strength of the global economy, and in particular corporate earnings. In the US, earnings were on a rising trend when they received a further boost as President Trump introduced legislation that reduced corporate tax rates, allowing companies to keep a greater part of their profits. As a result, corporate confidence has continued to rise and unemployment levels in the US are now close to 10-year lows. As a consequence of the US economy's strength, the Federal Reserve has continued on the path of small but gradual rises in interest rates to keep inflationary forces in check. A recent rise to 2.25% has been enacted, but in comparison to history, the current rate remains stimulatory and provides an attractive financing rate for corporates.

A recent feature has been the backdrop of skirmishing with regard to global trade and the implementation of tariffs between the US and partners such as China, Canada, Germany and Mexico. Ultimately, increased protectionism is negative for the global economy and at its worst would result in a slowing of world growth; however, at this juncture it would appear that the threats are a negotiation tool.

Around the world, most other regions are growing at reasonable levels. Europe continues to implement a series of structural reforms, whilst growing at a reasonable pace by their own standards. In Asia, and China in particular, growth continues to be as expected, although the strength of the dollar against local currencies is causing a few problems and needs to be monitored. The biggest concern is probably closer to home in the form of Brexit, but as the outcomes are difficult to forecast and the UK equity market is largely global in the makeup of its constituents, we are not overly concerned.

With regards to the portfolio, we remain biased towards a range of companies with attractive end markets, strong management teams and the ability to defend their market positions from competition. The best performers during the period under review included Victrex and Croda International, high quality chemical companies which remained well placed for the future. Returns also benefited from profit-taking on the holding in industrial company GKN, which was purchased by Melrose Industries after a high profile takeover battle.

The biggest negative influence during the period was having no holding in television broadcaster Sky, which was the subject of takeover approaches. With regards to positions held in the Fund, Saga and Babcock International both disappointed, which resulted in the downgrade to profit forecasts going forward.

Investment Outlook

The outlook for equity markets remains attractive, despite the strength of recent years, which is reflected in the Fund's robust 3-year and 5-year returns. Economies and corporate earnings in particular are growing at a reasonable pace and are the biggest contributor to rising share prices. The backdrop of historically low interest rates provides corporates with stimulatory conditions, but also means that consumers who hold cash receive little return. Prolonged falls in equity markets are normally a result of recessions, and currently we are not close to those conditions. We must remain watchful regarding the pace of interest rate rises, trade talks and the ability of inflation to revive; however, for now corporate earnings are setting the direction for markets, and that looks well set for the time.

Joe Walters
Fund Manager
31 August 2018
Royal London Asset Management

Please note that Joe Walters started managing the Fund on 2 January 2018. The previous Fund Manager was Ivor Pether.

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	1,096.75	984.03	915.32
Return before operating charges*	57.60	126.17	80.42
Operating charges	(5.78)	(13.45)	(11.71)
Return after operating charges*	51.82	112.72	68.71
Distributions on accumulation shares	–	(27.02)	(25.03)
Retained distributions on accumulation shares	–	27.02	25.03
Cancellation price	(1,148.57)	–	–
Closing net asset value per share	–	1,096.75	984.03
* after direct transaction costs of:	0.91	1.20	0.81
Performance			
Return after charges	4.72%	11.45%	7.51%
Other information			
Closing net asset value (£'000)	–	620,956	480,019
Closing number of shares	–	56,617,569	48,781,034
Operating charges	–	1.28%	1.29%
Direct transaction costs	0.08%	0.12%	0.09%
Prices[^]			
Highest share price	1,172.00	1,116.00	997.20
Lowest share price	1,075.00	963.20	810.60

** From 25 January 2018 shareholders in Class A Accumulation converted to Class M Accumulation.

COMPARATIVE TABLES (CONTINUED)

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	158.18	141.03	130.35
Return before operating charges*	12.56	18.13	11.53
Operating charges	(1.08)	(0.98)	(0.85)
Return after operating charges*	11.48	17.15	10.68
Distributions on accumulation shares	(5.07)	(4.84)	(4.40)
Retained distributions on accumulation shares	5.07	4.84	4.40
Closing net asset value per share	169.66	158.18	141.03
* after direct transaction costs of:	0.14	0.17	0.12
Performance			
Return after charges	7.26%	12.16%	8.19%
Other information			
Closing net asset value (£'000)	683,340	6,207	4,650
Closing number of shares	402,761,405	3,923,828	3,296,944
Operating charges	0.65%	0.65%	0.66%
Direct transaction costs	0.08%	0.12%	0.09%
Prices[^]			
Highest share price	176.30	160.70	142.90
Lowest share price	153.50	138.20	115.80

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

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

Royal London UK Equity Fund

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 97.54% (31/08/17 – 98.22%)			
Oil & Gas – 12.87% (31/08/17 – 11.76%)			
Oil & Gas Producers – 12.87%			
5,623,756	BP	30,779	4.50
390,209	Royal Dutch Shell 'A' (EUR)	9,761	1.43
1,866,709	Royal Dutch Shell 'B'	47,424	6.94
Total Oil & Gas		87,964	12.87
Basic Materials – 8.78% (31/08/17 – 9.28%)			
Chemicals – 2.65%			
184,916	Croda International	9,423	1.38
274,475	Victrex	8,695	1.27
Mining – 6.13%			
247,826	Anglo American	3,820	0.56
538,194	BHP Billiton	8,846	1.29
3,924,730	Glencore	12,306	1.80
462,717	Rio Tinto	16,931	2.48
Total Basic Materials		60,021	8.78
Industrials – 16.43% (31/08/17 – 15.01%)			
Aerospace & Defence – 1.46%			
795,544	BAE Systems	4,819	0.71
318,646	Ultra Electronics	5,111	0.75
Construction & Materials – 0.46%			
124,243	CRH	3,172	0.46
General Industrials – 2.76%			
2,421,395	Smith (DS)	11,962	1.75
427,528	Smiths Group	6,890	1.01
Electronic & Electrical Equipment – 0.71%			
204,936	Spectris	4,822	0.71
Industrial Engineering – 3.41%			
484,310	IMI	5,846	0.86
3,555,440	Melrose Industries	7,921	1.16
133,263	Spirax-Sarco Engineering	9,495	1.39
Support Services – 7.63%			
493,096	Ashtead Group	11,647	1.70
330,402	Bunzl	7,920	1.16
467,333	Diploma	6,804	1.00
264,766	Experian	5,082	0.74
184,119	Ferguson	11,371	1.66
2,889,874	Rentokil Initial	9,392	1.37
Total Industrials		112,254	16.43
Consumer Goods – 11.96% (31/08/17 – 11.06%)			
Beverages – 2.66%			
674,971	Diageo	18,187	2.66
Personal Goods – 2.59%			
402,841	Unilever	17,691	2.59
Household Goods – 2.29%			
470,067	Bovis Homes	5,288	0.77
158,099	Reckitt Benckiser	10,368	1.52
Tobacco – 4.42%			
469,422	British American Tobacco	17,470	2.56
462,365	Imperial Brands	12,687	1.86
Total Consumer Goods		81,691	11.96

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Healthcare – 8.47% (31/08/17 – 10.05%)			
Healthcare Equipment & Services – 1.48%			
746,484	Smith & Nephew	10,130	1.48
Pharmaceuticals & Biotechnology – 6.99%			
358,882	AstraZeneca	20,797	3.04
1,373,639	GlaxoSmithKline	21,434	3.14
122,808	Shire	5,524	0.81
Total Healthcare		57,885	8.47
Consumer Services – 12.76% (31/08/17 – 10.03%)			
Food & Drug Retailers – 1.79%			
4,967,978	Tesco	12,241	1.79
General Retailers – 1.08%			
1,438,527	Saga	1,821	0.27
268,165	WH Smith	5,529	0.81
Media – 4.86%			
1,428,873	Informa	10,894	1.59
3,232,977	ITV	5,192	0.76
747,594	RELX	12,773	1.87
341,964	WPP	4,372	0.64
Travel & Leisure – 5.03%			
120,135	Carnival	5,562	0.81
438,951	Compass Group	7,278	1.07
453,087	easyJet	6,910	1.01
1,165,251	Marston's	1,080	0.16
789,711	SSP	5,483	0.80
406,535	TUI	5,777	0.85
49,747	Whitbread	2,286	0.33
Total Consumer Services		87,198	12.76
Telecommunications – 2.11% (31/08/17 – 3.07%)			
Fixed Line Telecommunications – 1.17%			
3,668,024	BT Group	7,971	1.17
Mobile Telecommunications – 0.94%			
3,888,115	Vodafone	6,396	0.94
Total Telecommunications		14,367	2.11
Utilities – 3.08% (31/08/17 – 4.81%)			
Gas, Water & Multiutilities – 3.08%			
964,829	National Grid	7,815	1.14
942,928	Pennon Group	7,247	1.06
299,400	Severn Trent	5,991	0.88
Total Utilities		21,053	3.08
Financials – 19.82% (31/08/17 – 20.57%)			
Banks – 7.44%			
4,669,096	Barclays	8,204	1.20
4,165,680	HSBC	27,860	4.08
14,530,862	Lloyds Banking Group	8,615	1.26
977,034	Standard Chartered	6,126	0.90
Life Insurance – 4.82%			
1,102,690	Aviva	5,348	0.78
2,914,943	Legal & General	7,410	1.08
1,164,551	Prudential	20,205	2.96
Real Estate & Investment Services – 2.07%			
1,165,672	St Modwen Properties	4,590	0.67
1,077,592	Unite Group	9,553	1.40

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 19.82% (31/08/17 – 20.57%) – continued			
Financial Services – 4.51%			
1,198,330	3i Group	10,727	1.57
515,198	Close Brothers	8,223	1.20
88,961	London Stock Exchange	4,114	0.60
1,668,024	Paragon Banking Group	7,753	1.14
Real Estate Investment Trusts – 0.98%			
728,566	Shaftesbury	6,725	0.98
Total Financials		135,453	19.82
Technology – 1.26% (31/08/17 – 2.58%)			
Software & Computer Services – 1.26%			
1,447,890	Sage	8,621	1.26
Total Technology		8,621	1.26
Total value of investments		666,507	97.54
Net other assets		16,833	2.46
Total net assets		683,340	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
Prudential	17,518
Tesco	11,028
Rentokil Initial	10,425
Barclays	9,458
Reckitt Benckiser	9,416
British American Tobacco	9,319
BHP Billiton	8,671
Spirax-Sarco Engineering	7,470
Bunzl	7,414
Carnival	5,880
Subtotal	96,599
Total cost of purchases, including the above, for the year	148,671

Significant Sales

	Proceeds £'000
Rio Tinto	13,625
3i Group	8,578
BAE Systems	6,902
Sage	6,753
Shire	6,685
Ashtead Group	6,650
Aviva	6,649
Babcock International	6,077
Whitbread	5,946
GKN	5,821
Subtotal	73,686
Total proceeds, including the above, for the year	122,814

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital gains	2		25,331	44,323
Revenue	3	25,004		23,384
Expenses	4	(5,910)		(7,302)
Interest payable and similar charges		–		(4)
Net revenue before taxation		19,094		16,078
Taxation	5	(68)		(56)
Net revenue after taxation			19,026	16,022
Total return before distributions			44,357	60,345
Distributions	6		(20,399)	(15,119)
Change in net assets attributable to shareholders from investment activities			23,958	45,226

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		627,163	484,669
Amounts receivable on creation of shares	16,348		85,818
Amounts payable on cancellation of shares	(4,550)		(3,791)
		11,798	82,027
Change in net assets attributable to shareholders from investment activities		23,958	45,226
Retained distributions on accumulation shares		20,421	15,241
Closing net assets attributable to shareholders		683,340	627,163

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		666,507	616,005
Current assets:			
Debtors	7	5,353	4,987
Cash and bank balances	8	11,901	6,901
Total assets		683,761	627,893
LIABILITIES			
Creditors:			
Other creditors	9	421	730
Total liabilities		421	730
Net assets attributable to shareholders		683,340	627,163

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	25,334	44,325
Currency losses	(1)	–
Activity fees	(2)	(2)
Net capital gains	25,331	44,323

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	23,241	21,833
Overseas dividends	1,177	521
Property investment income (PID)	268	106
Bank interest	24	3
Stock lending income	28	16
Underwriting commission	–	2
Stock dividends	266	903
Total revenue	25,004	23,384

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	5,718	7,118
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	61	54
Safe custody fees	10	9
	71	63
Other expenses:		
Registrar's fees	106	103
Audit fee	10	11
Printing & stationery fee	3	6
Legal fee	2	1
	121	121
Total expenses	5,910	7,302

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	68	56
Current tax charge for the year	68	56

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	19,094	16,078
Corporation tax at 20% (31/08/17: 20%)	3,819	3,216
Effects of:		
Revenue not subject to taxation	(4,937)	(4,652)
Current year expenses not utilised	1,118	1,436
Irrecoverable overseas tax	68	56
Current tax charge for the year	68	56

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £29,625,000 (31/08/17: £28,507,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	7,421	6,085
Final	13,000	9,156
	20,421	15,241
Add: Amounts deducted on cancellation of shares	29	21
Deduct: Amounts received on the creation of shares	(51)	(143)
Net distributions for the year	20,399	15,119

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

Net revenue after taxation	19,026	16,022
Equalisation on conversions	1,639	–
Stock dividend charged to capital	(266)	(903)
Net distributions for the year	20,399	15,119

Details of the distribution per share are set out on page 183.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	28	13
Sales awaiting settlement	67	–
Accrued revenue	5,217	4,967
Withholding tax recoverable	41	7
Total debtors	5,353	4,987

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	11,901	6,901
Total cash and bank balances	11,901	6,901

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	–	25
Accrued expenses	421	705
Total other creditors	421	730

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation
Opening shares at 01/09/17	56,617,569	3,923,828
Shares issued	1,147,020	2,096,906
Shares cancelled	(103,168)	(2,054,357)
Shares converted	(57,661,421)	398,795,028
Closing shares at 31/08/18	–	402,761,405

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £337,000 (31/08/17: £671,000).

At the year end, 31 August 2018, 93.82% (31/08/17: 88.36%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £7,000 (Gross: £35,000) (31/08/17: £4,000 (Gross: £20,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £8,595,000 (31/08/17: £29,482,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	7,270	29,811
Bonds	1,954	1,179

The aggregate value of collateral held at the balance sheet date was £9,224,000 (31/08/17: £30,990,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, Goldman Sachs International, Santander UK and Societe Generale.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 176. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	681,295	625,283
Euro	42	1
US dollar	2,003	1,879
Total	683,340	627,163

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £204,000 (31/08/17: £188,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £204,000 (31/08/17: £188,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £66,651,000 (31/08/17: £61,600,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £66,651,000 (31/08/17: £61,601,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £11,901,000 (31/08/17: £6,901,000) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	145,819	86	0.06	596	0.41	88	0.06	146,589
Corporate actions	2,082	–	–	–	–	–	–	2,082
Total	147,901	86		596		88		148,671

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	121,415	76	0.06	–	–	–	–	121,339
Corporate actions	1,475	–	–	–	–	–	–	1,475
Total	122,890	76		–		–		122,814

Commissions, taxes and fees as % of average net assets

Commissions 0.02%

Taxes 0.05%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	118,014	113	0.10	491	0.42	32	0.03	118,650
Corporate actions	2,183	–	–	–	–	–	–	2,183
Total	120,197	113		491		32		120,833

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	14,831	21	0.14	–	–	–	–	14,810
Corporate actions	7,435	–	–	–	–	–	–	7,435
Total	22,266	21		–		–		22,245

Commissions, taxes and fees as % of average net assets

Commissions 0.02%

Taxes 0.09%

Other expenses 0.01%

At the balance sheet date the portfolio dealing spread was 0.04% (31/08/17: 0.06%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	666,507	–	–	666,507
Total	666,507	–	–	666,507

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	616,005	–	–	616,005
Total	616,005	–	–	616,005

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Accumulation*				
Group 1	–	–	–	11.0449
Group 2	–	–	–	11.0449
Class M Accumulation				
Group 1	1.8431	–	1.8431	2.0389
Group 2	0.9203	0.9228	1.8431	2.0389

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation*				
Group 1	–	–	–	15.9786
Group 2	–	–	–	15.9786
Class M Accumulation				
Group 1	3.2276	–	3.2276	2.7968
Group 2	1.8032	1.4244	3.2276	2.7968

* From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Smaller Companies Fund, Class M Accumulation	9.98	37.00	78.68

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 August 2018. Returns are net of management fees. Please note that the performance table contains performance for fund share classes only. Investors should also note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For wider comparisons such as Investment Association sector averages and peer group rankings, please refer to the latest factsheet at www.rlam.co.uk.

Performance Overview

The return from the Fund was substantially ahead of its benchmark index, the FTSE® SmallCap Index ex-IT (2.84%), and the broader UK equity market (the FTSE® All-Share Index returned 5.68%) during the 12-month period under review. Despite this, the Fund lagged its peer group return. Security selection was the key contributor to performance.

Market and Portfolio Commentary

The global macroeconomic environment was supportive for corporate earnings during the 12-month period, and forward looking indicators remain broadly positive. Conditions in the UK have been mixed by comparison, although the economy continued to expand and the labour market remained tight. While some sectors have faced headwinds, there have been opportunities for well managed businesses to grow earnings domestically as well as internationally. The latest earnings season demonstrated this, and the general tone of the meetings we have held with corporate management teams has been one of confidence, while acknowledging current geopolitical risks.

More recently, the UK economy benefited from increased consumer spending during the warm summer months and the World Cup. Nevertheless the UK consumer has been under pressure and the Fund has avoided deploying more capital into the challenged high street or oversupplied restaurant sector. Elsewhere, US trade tariffs, energy prices and foreign exchange rates have contributed to a trend of higher input costs for corporate sectors. Combined with the US Federal Reserve's gradual interest rate rises, these factors have caused stock market volatility. However, monetary policy in the eurozone remains accommodative, weak sterling has benefited UK exporters, and a stronger dollar will provide a tailwind for many of our holdings with international revenues. In fact, approximately half of the earnings of the Fund's holdings are generated outside the UK. Furthermore, balance sheets remain conservative and the cost of debt has remained low; this has created a positive environment for merger and acquisition activity, as well as investment to fuel organic growth.

The holdings of Gym Group, GB Group and Accesso Technology made significant contributions to fund performance during the 12-month period. Gym Group, the low cost gym operator, recorded rapid sales growth due to successful new site openings, supported by its new premium membership tier and the recent acquisition of Easy Gym. GB Group, a global specialist in digital identity verification, continued to grow its customer base in existing markets as well as by taking products into new geographies. Corporate and public organisations face ever increasing challenges in recognising and verifying customer and employee digital identities, as well as regulatory pressure to do so. GB Group's technology leaves it uniquely well placed to help these organisations, and through organic investment as well as completing acquisitions, it has been able to grow faster than this structurally growing market. Accesso is a global technology provider to the leisure industry, offering digital ticket sales software as well as innovative CRM and queueing solutions. Sales growth accelerated following two highly strategic acquisitions in 2017, which added complementary products to Accesso's portfolio and opened up new markets such as healthcare.

Conviviality and Walker Greenbank detracted from returns. Conviviality, a wholesaler and distributor of alcoholic beverages, announced a profit warning in March and entered administration shortly afterwards. The holding was sold following the initial warning, when it became apparent that management did not have full operational oversight of the business. Concern over the balance sheet was one of the triggers for the sale. Walker Greenbank's share price fell in November, as the maker of luxury wallpapers and fabrics reported falling UK sales as the high end housing market stalled. The holding was sold after a trading update in June revealed unexpected delays to orders in the fast growing, high margin licensing business.

The Fund participated in the initial public offerings of Team17 Group and Knights Group, as well as a number of fundraisings by existing holdings, including the specialist chilled meat and fish packing group Hilton Food. Team17 Group is an international producer and publisher of digital games with an innovative business model, well placed to grow in an expanding market while minimising individual title risk. Knights Group is a fast growing UK legal services business that is seeking to consolidate the market, driven by a highly entrepreneurial management team. Elsewhere, new positions were established in Charter Court Financial Services and Alpha Financial Markets. Charter Court is a specialist buy-to-let mortgage lender with a sophisticated technology platform, taking market share from incumbent banks that are less adept at servicing the non-standard market. Alpha Financial Markets, the leading global consultancy to the asset management industry, is well placed to benefit from industry consolidation as well as accelerating investment into technology, systems and processes as a result of regulatory change. The Fund sold its holding in 'challenger' bank Aldermore following a successful bid by FirstRand at a 40% premium to the undisturbed price. Other sales included CVS Group (concerns over increasing competition, lack of management depth and wage inflation) and NCC Group (pricing pressure and increasing competition not reflected in the valuation).

MANAGER'S INVESTMENT REPORT (CONTINUED)

Investment Outlook

We expect further stock market volatility associated with the Brexit headlines, but we think that an accommodative monetary policy in Europe is likely to remain. Many of the companies in our universe remain well placed for progress over the next year. We do not try and take 'sector' or 'market' bets, but focus on bottom-up stock selection with an emphasis on investing (not trading) in companies with structural profit drivers operating in markets experiencing growth. We have never sought to predict the 'cycle' and therefore avoid the more cyclical end of the UK market, but try to find innovative companies where good management can improve margins and take market share.

The Fund aims to achieve capital growth over the long term (3 to 5 years), by investing in a diversified portfolio of UK-listed smaller companies. We seek out businesses that we believe can grow their profits and cashflow sustainably faster than the market and can ultimately become large companies. We focus our efforts on investing in cash generative businesses with strong balance sheets, structural earnings growth opportunities and valuation optionality.

Henry Lowson
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class A Accumulation

	31/08/18** (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	217.66	181.74	177.47
Return before operating charges*	15.63	38.72	6.78
Operating charges	(1.30)	(2.80)	(2.51)
Return after operating charges*	14.33	35.92	4.27
Distributions on accumulation shares	–	(0.94)	(1.61)
Retained distributions on accumulation shares	–	0.94	1.61
Cancellation price	(231.99)	–	–
Closing net asset value per share	–	217.66	181.74
* after direct transaction costs of:	0.16	0.57	0.05
Performance			
Return after charges	6.58%	19.76%	2.41%
Other information			
Closing net asset value (£'000)	–	255,633	211,666
Closing number of shares	–	117,446,326	116,468,293
Operating charges	–	1.44%	1.44%
Direct transaction costs	0.07%	0.29%	0.03%
Prices[^]			
Highest share price	232.00	218.50	184.20
Lowest share price	217.10	171.30	155.80

** From 25 January 2018 shareholders in Class A Accumulation converted to Class M Accumulation.

COMPARATIVE TABLES (CONTINUED)

Class M Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	219.14	181.70	176.19
Return before operating charges*	22.91	38.88	6.80
Operating charges	(1.70)	(1.44)	(1.29)
Return after operating charges*	21.21	37.44	5.51
Distributions on accumulation shares	(2.45)	(2.33)	(2.82)
Retained distributions on accumulation shares	2.45	2.33	2.82
Closing net asset value per share	240.35	219.14	181.70
* after direct transaction costs of:	0.17	0.57	0.05
Performance			
Return after charges	9.68%	20.61%	3.13%
Other information			
Closing net asset value (£'000)	290,291	4,550	4,571
Closing number of shares	120,777,455	2,076,027	2,515,975
Operating charges	0.73%	0.74%	0.74%
Direct transaction costs	0.07%	0.29%	0.03%
Prices[^]			
Highest share price	241.50	219.90	184.10
Lowest share price	218.60	171.50	155.50

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 97.00% (31/08/17 – 96.97%)			
Oil & Gas – 3.12% (31/08/17 – 3.25%)			
Alternative Energy – 1.09%			
38,736	Porvair	188	0.06
1,550,000	Volution	2,976	1.03
Oil & Gas Producers – 2.03%			
2,650,000	Faroe Petroleum	3,975	1.37
2,500,000	Serica Energy	1,905	0.66
Total Oil & Gas		9,044	3.12
Basic Materials – 4.45% (31/08/17 – 3.61%)			
Chemicals – 3.86%			
1,200,000	Elementis	3,062	1.05
1,375,000	Scapa	5,882	2.03
475,000	Trealt	2,271	0.78
Mining – 0.59%			
800,000	Central Asia Metals	1,720	0.59
Total Basic Materials		12,935	4.45
Industrials – 32.61% (31/08/17 – 27.86%)			
Aerospace & Defence – 1.43%			
268,799	Aero Inventory*	–	–
300,000	Avon Rubber	4,140	1.43
Construction & Materials – 3.71%			
1,300,000	Eurocell	3,302	1.14
1,200,000	Forterra	3,288	1.13
925,000	Marshalls	4,174	1.44
Electronic & Electrical Equipment – 2.27%			
216,745	Gooch & Housego	3,468	1.19
325,000	Oxford Instruments	3,149	1.08
General Industrials – 3.74%			
7,500,000	Coats Group	6,232	2.15
365,000	Vitec	4,617	1.59
Industrial Engineering – 1.99%			
325,000	Hill & Smith	3,445	1.19
6,750,000	Renold	2,308	0.80
Industrial Transportation – 2.49%			
775,000	Clipper Logistics	2,449	0.84
267,320	Fisher (James) & Sons	4,796	1.65
Support Services – 16.98%			
550,000	De La Rue	2,596	0.89
425,000	Diploma	6,188	2.13
1,235,505	discoverIE Group	5,090	1.75
2,350,000	Johnson Service Group	3,295	1.13
789,120	Marlowe	4,222	1.46
514,249	Menzies (John)	3,024	1.04
1,350,000	Nucleus Financial Group	2,835	0.98
1,238,770	Restore	6,343	2.19
400,761	Ricardo	3,142	1.08
450,000	Robert Walters	3,267	1.13
815,625	RWS Holdings	3,780	1.30
6,500,000	Speedy Hire	3,835	1.32
149,314	VP	1,672	0.58
Total Industrials		94,657	32.61

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Consumer Goods – 7.30% (31/08/17 – 8.16%)			
Automobiles & Parts – 0.85%			
2,400,000	Gocompare.com	2,458	0.85
Food Producers – 2.73%			
130,000	Cranswick	4,196	1.45
410,000	Hilton Food	3,723	1.28
Household Goods – 2.69%			
1,800,000	McBride	2,344	0.81
650,000	Victoria	5,460	1.88
Leisure Goods – 1.03%			
600,000	Focusrite	3,000	1.03
Total Consumer Goods		21,181	7.30
Healthcare – 11.53% (31/08/17 – 10.94%)			
Healthcare Equipment & Services – 4.59%			
1,395,000	Advanced Medical Solutions	4,743	1.64
450,000	Consort Medical	5,175	1.78
2,200,000	Medica Group	3,388	1.17
Pharmaceuticals & Biotechnology – 6.94%			
650,000	Clinigen	6,484	2.23
180,000	Dechra Pharmaceuticals	5,612	1.93
565,000	Eco Animal Health	2,881	0.99
182,000	Genus	5,183	1.79
Total Healthcare		33,466	11.53
Consumer Services – 14.66% (31/08/17 – 18.11%)			
Food & Drug Retailers – 0.30%			
623,834	McColl's Retail	873	0.30
General Retailers – 3.59%			
1,275,000	Alpha Financial Markets	3,341	1.15
575,000	Applegreen	3,094	1.07
65,401	CVS	598	0.21
1,743,376	Knights Group	3,382	1.16
Media – 3.61%			
230,292	4imprint	4,951	1.70
850,000	STV	3,332	1.15
750,000	Tarsus	2,212	0.76
Travel & Leisure – 7.16%			
324,668	Fuller Smith & Turner	3,084	1.06
2,056,729	Gym Group	6,808	2.35
1,425,000	Hollywood Bowl	3,007	1.04
1,000,000	On The Beach	5,240	1.80
600,000	Patisserie Holdings	2,649	0.91
Total Consumer Services		42,571	14.66
Financials – 9.44% (31/08/17 – 12.42%)			
Financial Services – 4.39%			
1,329,000	Charter Court Financial Services	4,760	1.64
1,243,000	Premier Asset Management	3,207	1.10
780,000	Sanne	4,797	1.65
Real Estate Investment Services – 1.63%			
1,200,000	St Modwen Properties	4,726	1.63

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Financials – 9.44% (31/08/17 – 12.42%) – continued			
Real Estate Investment Trusts – 3.42%			
2,250,000	PRS	2,295	0.79
525,000	Unite Group	4,654	1.60
280,000	Workspace	2,979	1.03
Total Financials		27,418	9.44
Technology – 13.89% (31/08/17 – 11.60%)			
Software & Computer Services – 9.56%			
140,000	Aveva Group	3,973	1.37
1,246,900	GB	7,806	2.69
458,968	GlobalData	2,800	0.96
3,127,779	Learning Technologies Group	3,644	1.26
700,000	Microgen	2,926	1.01
1,220,853	Team17 Group	2,808	0.97
2,230,088	Totally	491	0.17
470,000	Tracsis	3,290	1.13
Technology Hardware & Equipment – 4.33%			
265,000	Accesso Technology	7,234	2.49
625,000	Gamma Communications	5,338	1.84
Total Technology		40,310	13.89
Utilities – 0.00% (31/08/17 – 1.02%)			
Total value of investments		281,582	97.00
Net other assets		8,709	3.00
Total net assets		290,291	100.00

* Unlisted

~ Suspended

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 AUGUST 2018

Significant Purchases

	Cost £'000
Charter Court Financial Services	3,859
Menzies (John)	3,700
McColl's Retail	3,438
RWS Holdings	3,345
Hilton Food	3,334
Clipper Logistics	3,292
Johnson Service Group	3,210
Robert Walters	3,139
Microgen	3,089
Gocompare.com	2,748
Subtotal	33,154
Total cost of purchases, including the above, for the year	85,226

Significant Sales

	Proceeds £'000
CVS	4,778
Aldermore	4,647
iomart	4,263
Cineworld	3,942
Fever-Tree	3,237
Conviviality	3,072
Brooks Macdonald	3,051
Curtis Banks	2,841
Dunelm	2,731
Workspace	2,489
Subtotal	35,051
Total proceeds from sales, including the above, for the year	77,115

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Income					
Net capital gains	2		22,551		41,761
Revenue	3	4,962		4,465	
Expenses	4	(2,767)		(3,313)	
Interest payable and similar charges		(3)		(4)	
Net revenue before taxation		2,192		1,148	
Taxation	5	–		–	
Net revenue after taxation			2,192		1,148
Total return before distributions			24,743		42,909
Distributions	6		(2,944)		(1,148)
Change in net assets attributable to shareholders from investment activities			21,799		41,761

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		260,183		216,237
Amounts receivable on creation of shares	10,811		10,502	
Amounts payable on cancellation of shares	(5,454)		(9,469)	
		5,357		1,033
Change in net assets attributable to shareholders from investment activities		21,799		41,761
Retained distributions on accumulation shares		2,952		1,152
Closing net assets attributable to shareholders		290,291		260,183

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		281,582	252,291
Current assets:			
Debtors	7	1,325	913
Cash and bank balances	8	7,810	8,513
Total assets		290,717	261,717
LIABILITIES			
Creditors:			
Other creditors	9	426	1,534
Total liabilities		426	1,534
Net assets attributable to shareholders		290,291	260,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	22,601	41,672
Currency (losses)/gains	(46)	96
Activity fees	(4)	(7)
Net capital gains	22,551	41,761

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	4,434	3,983
Overseas dividends	259	249
Property investment income (PID)	253	229
Bank interest	16	4
Total revenue	4,962	4,465

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	2,679	3,232
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	38	33
Safe custody fees	4	4
	42	37
Other expenses:		
Registrar's fees	32	29
Audit fee	10	10
Printing & stationery fee	2	3
Professional fee	–	1
Legal fee	2	1
	46	44
Total expenses	2,767	3,313

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Corporation tax at 20%	–	–
Current tax charge for the year	–	–

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	2,192	1,148
Corporation tax at 20% (31/08/17: 20%)	438	230
Effects of:		
Revenue not subject to taxation	(938)	(846)
Current year management expenses not utilised	500	616
Current tax charge for the year	–	–

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £3,749,000 (31/08/17: £3,249,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	1,114	235
Final	1,838	917
	2,952	1,152
Add: Amounts deducted on cancellation of shares	18	26
Deduct: Amounts received on the creation of shares	(26)	(30)
Net distributions for the year	2,944	1,148

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

Net revenue after taxation	2,192	1,148
Equalisation on conversions	752	–
Net distributions for the year	2,944	1,148

Details of the distribution per share are set out on page 198.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	38	96
Sales awaiting settlement	993	501
Accrued revenue	292	316
Income tax recoverable	2	–
Total debtors	1,325	913

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	7,810	8,513
Total cash and bank balances	7,810	8,513

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Amounts payable on cancellation of shares	20	37
Purchases awaiting settlement	207	1,165
Accrued expenses	199	332
Total other creditors	426	1,534

10. Reconciliation of number of shares

	Class A Accumulation	Class M Accumulation
Opening shares at 01/09/17	117,446,326	2,076,027
Shares issued	1,701,497	3,048,490
Shares cancelled	(563,452)	(1,796,110)
Shares converted	(118,584,371)	117,449,048
Closing shares at 31/08/18	–	120,777,455

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £153,000 (31/08/17: £247,000).

At the year end, 31 August 2018, 98.07% (31/08/17: 98.15%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 192. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A small proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	290,291	258,964
Euro	–	1,219
Total	290,291	260,183

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £– (31/08/17: £122,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £– (31/08/17: £122,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £28,158,000 (31/08/17: £25,229,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £28,158,000 (31/08/17: £25,229,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £7,810,000 (31/08/17: £8,513,000) which earn interest by reference to LIBOR or international equivalent.

FX risk is insignificant (31/08/17: same).

14. Portfolio transaction costs

For the year ended 31 August 2018

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	84,970	58	0.07	189	0.22	9	0.01	85,226
Total	84,970	58		189		9		85,226

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	76,282	60	0.08	–	–	–	–	76,222
Corporate actions	893	–	–	–	–	–	–	893
Total	77,175	60		–		–		77,115

Commissions, taxes and fees as % of average net assets

Commissions	0.03%
Taxes	0.04%
Other expenses	0.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14. Portfolio transaction costs – continued

For the year ended 31 August 2017

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	127,060	157	0.12	339	0.27	12	0.01	127,568
Corporate actions	557	–	–	–	–	–	–	557
Total	127,617	157		339		12		128,125

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	120,414	168	0.14	–	–	1	–	120,245
Total	120,414	168		–		1		120,245

Commissions, taxes and fees as % of average net assets

Commissions 0.14%

Taxes 0.14%

Other expenses 0.01%

At the balance sheet date the portfolio dealing spread was 0.97% (31/08/17: 0.83%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

15. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	278,488	–	3,094	281,582
Total	278,488	–	3,094	281,582

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	252,291	–	–	252,291
Total	252,291	–	–	252,291

Applegreen is category 3 as pricing was suspended from 2 August 2018 to 28 September 2018.

Aero Inventory is currently nil valued due to being delisted. This stock has been reviewed by the Manager in line with their Fair Value Pricing Policy and has been deemed appropriate.

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.

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class A Accumulation*				
Group 1	–	–	–	0.1858
Group 2	–	–	–	0.1858
Class M Accumulation				
Group 1	0.9294	–	0.9294	0.8181
Group 2	0.0939	0.8355	0.9294	0.8181

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class A Accumulation*				
Group 1	–	–	–	0.7539
Group 2	–	–	–	0.7539
Class M Accumulation				
Group 1	1.5217	–	1.5217	1.5116
Group 2	0.7833	0.7384	1.5217	1.5116

* From 25 January 2018 shareholders in Class A Accumulation converted into Class M Accumulation.

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year return %	3 year return %	5 year return %
Royal London Asia Pacific ex Japan Tracker Fund, Class Z Accumulation (Total return)	3.72	70.59	59.72
FTSE® World Asia Pacific ex Japan Index (Capital return)	0.68	56.81	37.49

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This, along with the impact of income and the charges associated with the Fund, accounts for the majority of the difference between the performance of the Fund and the FTSE® World Asia Pacific ex Japan Index.

The tracking error between the Royal London Asia Pacific ex Japan Tracker Fund and the FTSE® World Asia Pacific ex Japan Index was 0.47% during the past 12 months. This is within the anticipated tracking error range of 0.30% to 0.50%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs, optimisation and the use of index futures to manage cashflows.

Market and portfolio commentary

The Fund aims to achieve the capital return of the FTSE® World Asia Pacific ex Japan Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Symon Bradford
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLE

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	569.48	466.79	344.07
Return before operating charges*	23.32	104.12	123.82
Operating charges	(1.54)	(1.43)	(1.10)
Return after operating charges*	21.78	102.69	122.72
Distributions on accumulation shares	(16.54)	(15.45)	(12.11)
Retained distributions on accumulation shares	16.54	15.45	12.11
Closing net asset value per share	591.26	569.48	466.79
* after direct transaction costs of:	0.75	0.33	0.30
Performance			
Return after charges	3.82%	22.00%	35.67%
Other information			
Closing net asset value (£'000)	880,314	1,143,654	1,040,643
Closing number of shares	148,888,003	200,823,822	222,936,519
Operating charges	0.27%	0.28%	0.28%
Direct transaction costs	0.13%	0.06%	0.08%
Prices[^]			
Highest share price	601.00	571.80	482.90
Lowest share price	542.90	453.50	333.70

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 95.39% (31/08/17 – 93.11%)			
Australia – 28.37% (31/08/17 – 27.33%)			
Basic Materials – 4.32%			
765,467	Alumina	1,222	0.14
1,002,678	BHP Billiton	18,522	2.10
171,350	Bluescope Steel	1,649	0.19
500,595	Fortescue Metals	1,070	0.12
140,053	Iluka Resources	722	0.08
499,622	Incitec Pivot	1,070	0.12
26,146	New Hope Corporation	55	0.01
239,256	Newcrest Mining	2,580	0.29
81,081	Nufarm	308	0.03
114,420	Orica	1,118	0.13
112,535	OZ Minerals	565	0.06
128,333	Rio Tinto	5,184	0.59
55,897	Sims Metal Management	390	0.04
1,601,610	South32	3,092	0.35
232,607	Whitehaven Coal	650	0.07
Consumer Goods – 0.37%			
168,080	Coca-Cola Amatil	874	0.10
223,805	Treasury Wine Estates	2,370	0.27
Consumer Services – 3.01%			
199,325	Aristocrat Leisure	3,499	0.40
118,942	Crown	938	0.11
20,466	Domino's Pizza	615	0.07
700,631	Fairfax Media	339	0.04
17,626	Flight Centre International	573	0.07
179,105	Harvey Norman	357	0.04
305,474	Metcash	467	0.05
228,198	Qantas Airways	815	0.09
23,301	Seven West Media	13	–
253,996	Star Entertainment	760	0.09
587,570	Tabcorp	1,566	0.18
353,483	Wesfarmers	10,072	1.14
409,750	Woolworths	6,420	0.73
Financials – 12.64%			
892,167	AMP	1,658	0.19
59,326	ASX	2,218	0.25
903,780	Australia and New Zealand Banking	14,830	1.68
130,557	Bank of Queensland	834	0.09
160,846	Bendigo Bank	1,035	0.12
175,862	Challenger	1,059	0.12
549,253	Commonwealth Bank of Australia	21,763	2.47
320,805	Dexus Property	1,892	0.21
567,281	General Property	1,632	0.19
555,161	Goodman	3,271	0.37
732,093	Insurance Australia	3,116	0.35
108,826	IOOF Holdings	508	0.06
178,918	Lend Lease	2,001	0.23
95,575	Macquarie	6,852	0.78
45,741	Magellan Financial	708	0.08
860,058	Medibank	1,450	0.16
1,175,186	Mirvac	1,589	0.18
849,695	National Australia Bank	13,403	1.52
13,526	Perpetual	330	0.04
75,884	Platinum Asset Management	228	0.03
416,857	QBE Insurance	2,551	0.29
16,214	REA	818	0.09
1,589,224	Scentre	3,625	0.41
262,528	Shopping Centres Australasia	351	0.04
757,766	Stockland Trust	1,737	0.20

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Australia – 28.37% (31/08/17 – 27.33%) – continued			
Financials – 12.64% – continued			
400,997	Suncorp	3,454	0.39
993,891	Vicinity Centres	1,526	0.17
1,068,497	Westpac Banking	16,956	1.93
Healthcare – 2.78%			
47,628	Ansell	663	0.08
17,420	Cochlear	2,089	0.24
140,994	CSL	17,816	2.02
576,923	Healthscope Limited	700	0.08
39,736	Ramsay Health Care	1,231	0.14
130,416	Sonic Healthcare	1,898	0.22
Industrials – 2.45%			
139,779	Adelaide Brighton	499	0.06
164,186	ALS	807	0.09
362,038	Amcor	2,860	0.32
212,459	Atlas Arteria	785	0.09
588,694	Aurizon Holdings	1,376	0.16
355,894	Boral	1,378	0.16
491,651	Brambles	2,998	0.34
32,173	Cimic	878	0.10
166,904	CSR	398	0.05
196,340	Downer EDI	831	0.09
114,089	Duluxgroup	496	0.06
405,034	Orora	791	0.09
106,751	Seek	1,325	0.15
343,508	Sydney Airport	1,370	0.16
696,764	Transurban	4,676	0.53
Oil & Gas – 1.60%			
366,299	APA	2,008	0.23
80,579	Caltex Australia	1,354	0.15
410,487	Oil Search	2,044	0.23
547,081	Santos	2,061	0.23
290,839	Woodside Petroleum	5,955	0.68
61,431	Worleyparsons	688	0.08
Technology – 0.20%			
146,825	Computershare	1,565	0.18
89,993	Domain Holdings Australia	176	0.02
36,226	OneMarket	20	–
Telecommunications – 0.35%			
1,299,029	Telstra	2,233	0.25
114,006	TPG Telecom	547	0.06
202,171	Vocus Communications Limited	319	0.04
Utilities – 0.60%			
203,674	AGL Energy	2,352	0.27
528,039	Ausnet Services	482	0.06
543,177	Origin Energy	2,400	0.27
Futures – 0.05%			
149	SFE SPI 200 Future September 2018	427	0.05
Total Australia		249,766	28.37
Bermuda – 0.90% (31/08/17 – 1.05%)			
Consumer Goods – 0.00%			
786,000	Global Brand	29	–
Financials – 0.27%			
1,969,000	China Oceanwide	76	0.01
793,000	Haitong International Securities	229	0.03
373,100	Hong Kong Land	1,984	0.23

Royal London Asia Pacific ex Japan Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Bermuda – 0.90% (31/08/17 – 1.05%) – continued			
Industrials – 0.63%			
65,954	Jardine Matheson	3,203	0.36
56,659	Jardine Strategic	1,582	0.18
117,875	Johnson Electric	266	0.03
183,165	Kerry Logistics Network	209	0.02
66,500	Orient Overseas (International)	332	0.04
Oil & Gas – 0.00%			
1,186,000	Brightoil Petroleum*	–	–
Total Bermuda		7,910	0.90

Cayman Islands – 1.41% (31/08/17 – 2.14%)

Consumer Goods – 0.33%			
356,000	Chow Tai Fook Jewellery	254	0.03
281,000	Nexteer Automotive Group	364	0.04
636,000	Tingyi (Cayman Islands)	870	0.10
369,400	Uni-President China	280	0.03
1,855,000	Want Want China	1,164	0.13
Consumer Services – 0.67%			
915,000	Macau Legend Development	117	0.01
228,000	MGM China	330	0.04
766,642	Sands China	2,874	0.33
2,636,500	WH	1,527	0.17
505,200	Wynn Macau	1,080	0.12
Financials – 0.02%			
996,166	Shui On Land	182	0.02
Industrials – 0.23%			
221,000	AAC Technologies	1,885	0.21
105,000	TPK Holding	151	0.02
Oil & Gas – 0.03%			
1,000,000	Xinyi Solar	228	0.03
Technology – 0.11%			
897,000	FIH Mobile	90	0.01
934,598	Semiconductor Manufacturing International	847	0.10
Telecommunications – 0.02%			
522,000	Hutchison Telecom	144	0.02
Total Cayman Islands		12,387	1.41

Channel Islands – 0.00% (31/08/17 – 0.02%)

Hong Kong – 13.15% (31/08/17 – 12.18%)

Basic Materials – 0.04%			
1,130,000	Shoughan Fushan Resources	194	0.02
398,000	Huabao International	180	0.02
Consumer Goods – 0.74%			
854,702	China Mengniu Dairy	1,898	0.22
714,250	First Pacific	250	0.03
2,190,000	Li & Fung	477	0.05
240,000	Minth Group	754	0.09
400,500	Techtronic Industries	1,884	0.21
132,000	Texwinca	47	0.01
638,000	Xinyi Glass	613	0.07
234,500	Yue Yuen Industrial	500	0.06

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Hong Kong – 13.15% (31/08/17 – 12.18%) – continued			
Consumer Services – 1.10%			
126,000	Café De Coral	236	0.03
185,544	Cathay Pacific Airways	213	0.02
734,000	China Travel International	183	0.02
91,400	Dairy Farm International	650	0.07
796,000	Esprit Holdings	145	0.02
682,000	Galaxy Entertainment	3,884	0.44
89,306	Great Eagle	339	0.04
249,514	I-CABLE Communications	2	–
44,000	Kingston Financial Group	9	–
146,500	Lifestyle International	219	0.02
445,173	MTR Corporation	1,763	0.20
308,000	Sa Sa International	125	0.01
368,000	Shangri-La Asia	435	0.05
768,000	Shun Tak	227	0.03
581,200	SJM Holdings	505	0.06
742,500	Sun Art Retail	659	0.07
89,700	Television Broadcasts	204	0.02
Financials – 8.40%			
3,875,758	AIA	25,701	2.92
373,246	Bank of East Asia	1,061	0.12
1,138,835	BOC Hong Kong	4,270	0.49
739,000	Champion REIT	416	0.05
861,395	CK Asset Holdings	4,720	0.54
158,512	Dah Sing Banking	250	0.03
49,040	Dah Sing Finance	235	0.03
865,000	Guotai Junan International	123	0.01
255,000	Hang Lung	549	0.06
623,000	Hang Lung Properties	947	0.11
232,100	Hang Seng Bank	4,837	0.55
373,188	Henderson Land Developments	1,516	0.17
395,698	Hong Kong Exchanges & Clearing	8,665	0.98
185,000	Hopewell	495	0.06
205,000	Hysan Developments	808	0.09
182,330	Kerry Properties	531	0.06
46,000	Kowloon Development	39	–
687,252	Link	5,258	0.60
1,774,559	New World Development	1,820	0.21
982,171	Sino Land	1,279	0.15
452,751	Sun Hung Kai Properties	5,170	0.59
337,570	Swire Properties	1,019	0.12
418,075	Wharf Holdings	916	0.10
385,075	Wharf Real Estate Investment	1,965	0.22
259,000	Wheelock	1,250	0.14
Industrials – 1.32%			
198,866	Cheung Kong Infrastructure	1,115	0.13
855,395	CK Hutchison	7,580	0.86
271,000	Melco International Development	555	0.06
483,600	NWS Holdings	663	0.08
163,500	Swire Pacific 'A'	1,422	0.16
220,000	Swire Pacific 'B'	308	0.03
Technology – 0.16%			
104,300	ASM Pacific Technology	846	0.10
59,200	Vtech	504	0.06
Telecommunications – 0.07%			
1,481,000	PCCW	605	0.07

Royal London Asia Pacific ex Japan Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Hong Kong – 13.15% (31/08/17 – 12.18%) – continued			
Utilities – 1.32%			
526,500	CLP Holdings	4,751	0.54
2,867,158	Hong Kong & China Gas	4,536	0.51
417,714	Power Assets	2,252	0.25
293,000	Towngas China	207	0.02
Futures – 0.00%			
20	HKG Hang Seng Index Future September 2018	6	–
Total Hong Kong		115,785	13.15
Ireland – 0.18% (31/08/17 – 0.16%)			
Industrials – 0.18%			
137,206	James Hardie Industries	1,611	0.18
Total Ireland		1,611	0.18
Italy – 0.07% (31/08/17 – 0.05%)			
Consumer Goods – 0.07%			
173,600	Prada	597	0.07
Total Italy		597	0.07
Luxembourg – 0.18% (31/08/17 – 0.18%)			
Consumer Goods – 0.16%			
444,600	Samsonite International	1,377	0.16
Consumer Services – 0.02%			
136,000	L'Occitane International	187	0.02
Total Luxembourg		1,564	0.18
Malaysia – 4.10% (31/08/17 – 3.88%)			
Basic Materials – 0.25%			
941,800	Petronas Chemical	1,666	0.19
561,000	Press Metal Berhad	519	0.06
Consumer Goods – 0.41%			
50,200	British American Tobacco	316	0.04
549,600	Felda Global Ventures	155	0.02
1,111,500	IOI Corporation	941	0.11
168,300	Kuala Lumpur Kepong	777	0.09
21,800	Nestlé Malaysia	598	0.07
207,480	PPB Berhad	652	0.07
43,800	UMW Holdings	49	0.01
Consumer Services – 0.44%			
510,100	Airasia Berhad	327	0.04
464,700	Astro Malaysia Holdings	151	0.02
166,134	Berjaya Sports Toto	69	0.01
780,700	Genting	1,260	0.14
904,200	Genting Malaysia	882	0.10
1,111,374	Sime Darby Plantation Berhad	1,113	0.13
Financials – 1.47%			
422,100	Alliance Financial	326	0.04
592,300	AMMB Holdings	454	0.05
2,134,750	CIMB Holdings	2,434	0.28
183,924	Hong Leong Bank	707	0.08
89,052	Hong Leong Credit	327	0.04
670,358	IOI Properties	221	0.03
200,100	KLCC Property	288	0.03
1,484,590	Malayan Banking	2,768	0.31
990,156	Public Bank	4,657	0.53

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Malaysia – 4.10% (31/08/17 – 3.88%) – continued			
Financials – 1.47% – continued			
326,969	RHB Capital*	–	–
343,438	RHB Capital Berhad	346	0.04
1,215,374	Sime Darby Property Berhad	284	0.03
727,400	UEM Sunrise Berhad	118	0.01
Healthcare – 0.11%			
919,500	IHH Healthcare	955	0.11
Industrials – 0.31%			
723,216	Gamuda	498	0.06
1,255,200	IJM Corporation	439	0.05
280,760	Malaysia Airports	491	0.05
449,400	Misc Berhad	499	0.06
1,050,474	Sime Darby Berhad	502	0.06
408,800	Westports Holdings Berhad	284	0.03
Oil & Gas – 0.07%			
1,367,800	Bumi Armada Berhad	142	0.01
96,000	Petronas Dagangan	488	0.05
2,203,600	Sapurakencana Petroleum	140	0.01
Telecommunications – 0.43%			
1,547,364	Axiata	1,388	0.16
1,278,100	Digi Com	1,127	0.13
940,277	Maxis	1,016	0.11
487,914	Telekom Malaysia	302	0.03
Utilities – 0.61%			
425,500	MMC	110	0.01
260,800	Petronas Gas	913	0.10
1,287,500	Tenaga Nasional	3,780	0.43
1,536,606	YTL Corporation	380	0.04
1,195,327	YTL Power	253	0.03
Total Malaysia		36,112	4.10
New Zealand – 1.10% (31/08/17 – 1.00%)			
Consumer Services – 0.11%			
164,724	Air New Zealand	275	0.03
207,878	Skycity Entertainment	430	0.05
179,309	Sky Network Television	197	0.02
48,181	Warehouse	50	0.01
Financials – 0.04%			
531,495	Kiwi Income Property Trust	372	0.04
Healthcare – 0.28%			
183,732	Fisher & Paykel Healthcare	1,519	0.17
130,450	Ryman Healthcare	927	0.11
Industrials – 0.24%			
326,817	Auckland International Airport	1,175	0.14
272,467	Fletcher Building	885	0.10
Technology – 0.09%			
27,801	Xerox	789	0.09
Telecommunications – 0.15%			
634,994	Spark New Zealand	1,290	0.15
Utilities – 0.19%			
227,470	Contact Energy	644	0.07
226,885	Mercury	380	0.04
406,175	Meridian Energy	671	0.08
25,208	Vector	44	–
Total New Zealand		9,648	1.10

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Singapore – 5.01% (31/08/17 – 5.26%)			
Consumer Goods – 0.16%			
2,284,500	Golden Agri-Resources	366	0.04
602,300	Wilmar International	1,079	0.12
Consumer Services – 0.60%			
82,800	BOC Aviation	466	0.05
144,500	City Developments	752	0.09
628,400	ComfortDelGro	805	0.09
1,803,700	Genting Singapore	1,084	0.12
30,400	Jardine Cycle & Carriage	554	0.06
157,400	Singapore Airlines	866	0.10
496,700	Singapore Press	778	0.09
Financials – 3.09%			
724,730	Ascendas Real Estate	1,111	0.13
746,942	CapitaCommercial	738	0.08
771,792	Capitaland	1,487	0.17
700,400	CapitaMall	838	0.10
568,539	DBS	7,963	0.90
111,000	Frasers Property	103	0.01
1,028,875	Overseas-Chinese Banking	6,529	0.74
257,100	Singapore Exchange	1,068	0.12
664,700	Suntec	698	0.08
401,543	United Overseas Bank	6,091	0.69
143,009	UOL	555	0.06
56,700	Wing Tai	64	0.01
34,500	Yanlord Land	29	–
Industrials – 0.62%			
1,668,100	Hutchison Port	308	0.03
444,480	Keppel Corporation	1,631	0.19
206,600	SATS	587	0.07
314,200	SembCorp Industries	482	0.05
283,417	SembCorp Marine	266	0.03
85,600	SIA Engineering	142	0.02
529,600	Singapore Post	339	0.04
446,900	Singapore Technologies Engineering	836	0.09
89,100	Venture Corporation	905	0.10
Telecommunications – 0.54%			
139,500	M1	125	0.02
2,352,633	Singapore Telecommunications	4,268	0.49
259,100	Starhub	236	0.03
Futures – 0.00%			
83	SGX MSCI Singapore Index ETS Future September 2018	(3)	–
Total Singapore		44,146	5.01

South Korea – 20.03% (31/08/17 – 19.69%)

Basic Materials – 1.50%			
29,229	Hanwha Chemical	409	0.05
7,994	Hanwha Corporation Preference	81	0.01
740	Hyosung Chemical	96	0.01
24,335	Hyundai Steel	895	0.10
2,853	Korea Zinc	800	0.09
5,707	Kumho Petro Chemical	400	0.05
13,863	LG Chemicals	3,502	0.40
2,565	LG Chemical Preference	355	0.04
4,361	Lotte Chemical Corporation	952	0.11
6,652	OCI	529	0.06
20,609	POSCO	4,644	0.53
5,440	Samsung Fine Chemical	228	0.03
4,532	SKC	147	0.02

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
South Korea – 20.03% (31/08/17 – 19.69%) – continued			
Consumer Goods – 3.04%			
8,858	AmorePacific	590	0.07
9,714	AmorePacific Corporation	1,762	0.20
3,917	AmorePacific Corporation Preference	390	0.04
2,052	BGF Retail	243	0.03
2,523	CJ Cheiljedang	594	0.07
367	CJ Cheiljedang Preference	32	–
3,764	CJ Corporation	343	0.04
16,985	Coway	1,073	0.12
9,571	Dongsuh	150	0.02
21,818	Hankook Tire	703	0.08
58,544	Hanon Systems	484	0.05
3,289	Hanssem	187	0.02
4,893	HiteJinro	57	0.01
1,005	Hyosung TNC	131	0.01
19,980	Hyundai Mobis	3,093	0.35
44,114	Hyundai Motor	3,811	0.43
8,189	Hyundai Motor Preference	443	0.05
12,242	Hyundai Motor Second Preference	723	0.08
5,987	Hyundai Wia Corporation	176	0.02
78,749	KIA Motors	1,742	0.19
33,955	KT & G	2,359	0.27
32,855	LG Electronics	1,744	0.20
8,698	LG Electronics Preference	186	0.02
2,692	LG Household & Healthcare	2,354	0.27
801	LG Household & Healthcare Preference	411	0.05
113	Lotte Chilsung Beverages	105	0.01
65	Lotte Confectionery	7	–
9,784	Lotte Corporation	325	0.04
10,968	Mando Corporation	271	0.03
5,301	N C Soft	1,418	0.16
1,026	Nong Shim	177	0.02
7,237	Orion Corp/Republic of Korea	533	0.06
504	Ottogi Corporation	253	0.03
Consumer Services – 0.52%			
13,072	BGF Retail	85	0.01
21,968	Cheil Communications	292	0.03
5,884	E-Mart	872	0.10
8,573	GS Retail	220	0.02
10,289	Hotel Shilla	768	0.09
4,809	Hyundai Department Store	331	0.04
36,626	Kangwon Land	732	0.08
15,654	Korean Airlines	303	0.03
3,264	Lotte Shopping	406	0.05
15,193	Paradise	212	0.02
2,016	Shinsegae	451	0.05
Financials – 2.42%			
84,418	BNK Financial	487	0.06
13,780	DB Insurance	609	0.07
51,833	DGB Financial	365	0.04
90,363	Hana Financial Holdings	2,667	0.30
87,368	Hanwha Life Insurance	293	0.03
22,128	Hyundai Marine & Fire Insurance	569	0.06
89,513	Indus Bank of Korea	919	0.10
120,564	KB Financial	4,308	0.49
9,970	Korea Investment	491	0.06
125,700	Mirae Asset Daewoo	714	0.08
39,422	NH Investments & Securities	365	0.04
9,657	Samsung Card	235	0.03
9,893	Samsung Fire & Marine Insurance	1,809	0.21
963	Samsung Fire & Marine Insurance NVDR	121	0.01

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
South Korea – 20.03% (31/08/17 – 19.69%) – continued			
Financials – 2.42% – continued			
19,009	Samsung Life Insurance	1,214	0.14
18,292	Samsung Securities	408	0.05
138,210	Shinhan Financial	4,155	0.46
152,595	Woori Bank	1,714	0.19
Healthcare – 1.03%			
23,946	Celltrion	4,460	0.51
15,452	Celltrion Healthcare	965	0.11
2,110	Hanmi Pharmaceutical	726	0.08
4,176	Hanmi Science	251	0.03
4,063	Samsung Biologics	1,299	0.15
17,150	SillaJen	904	0.10
2,498	Yuhan Corporation	412	0.05
Industrials – 8.41%			
23,315	Cheil Industries	1,974	0.22
1,944	CJ Logistics	206	0.02
9,477	Daelim Industrial	536	0.06
56,717	Daewoo Engineering & Construction	205	0.02
15,342	Daewoo International	194	0.02
1,835	Doosan	148	0.02
51,887	Doosan Infracore	341	0.04
15,764	GS Engineering & Construction	521	0.06
13,246	Hansteen Holdings Financials	292	0.03
11,280	Hanwha Techwin	195	0.02
6,214	HDC	105	0.01
9,941	HDC Hyundai Development	384	0.04
3,204	Hyosung	102	0.01
1,040	Hyosung Advanced	114	0.01
2,166	Hyosung Heavy Industries	89	0.01
2,514	Hyundai Construction	204	0.02
2,600	Hyundai Electric & Energy System	106	0.01
23,468	Hyundia Engineering & Construction	972	0.11
5,401	Hyundai Glovis	450	0.05
13,908	Hyundai Heavy Industries	1,134	0.13
3,436	Hyundai Heavy Industries Holdings	895	0.10
3,967	Hyundai Mipo Dockyard	268	0.03
1,864	KCC Corporation	418	0.05
9,019	Kepco Plant Service & Engineering	227	0.03
19,955	Korea Aerospace Industries	575	0.07
26,961	LG Corporation	1,331	0.15
2,326	LG Hausys	108	0.01
5,314	LS Cable	246	0.03
6,311	S1 Corporation	373	0.04
16,969	Samsung Electro-Mechanics	1,882	0.22
1,449,825	Samsung Electronics	48,501	5.51
254,631	Samsung Electronics preference	6,987	0.79
46,449	Samsung Engineering	539	0.06
150,470	Samsung Heavy Industries	735	0.09
16,092	Samsung SDI	2,625	0.30
45,442	SK Networks	141	0.02
Oil & Gas – 0.47%			
18,764	Doosan Heavy Industries & Construction	184	0.02
14,146	GS Holdings	519	0.06
18,300	SK Innovation	2,435	0.28
12,032	S-Oil Corporation	990	0.11
Technology – 2.26%			
13,695	Daum Kakao Corporation	1,178	0.13
1,500	Korea Digital Line*	–	–
66,849	LG Display	980	0.11
8,215	Naver Corporation	4,264	0.49

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
South Korea – 20.03% (31/08/17 – 19.69%) – continued			
Technology – 2.26% – continued			
3,860	Netmarble Games	311	0.04
2,834	NHN Entertainment Corporation	118	0.02
9,710	Samsung SDS	1,624	0.19
9,988	SK C&C	1,812	0.21
164,250	SK Hynix	9,411	1.07
Telecommunications – 0.21%			
57,353	LG Uplus	620	0.07
6,889	SK Telecom	1,243	0.14
Utilities – 0.23%			
77,254	Korea Electric Power	1,629	0.19
9,185	Korea Gas Corporation	334	0.04
Futures – (0.06)%			
210	KFE Kospi 200 Index Future September 2018	(510)	(0.06)
Total South Korea		176,305	20.03
Taiwan – 16.16% (31/08/17 – 16.08%)			
Basic Materials – 1.60%			
3,577,270	China Steel	2,249	0.26
256,689	Enternal Chemical	173	0.02
177,000	Feng Hsin Iron & Steel	257	0.03
1,016,600	Formosa Chemicals & Fibre	3,107	0.35
1,461,990	Formosa Plastics	4,120	0.47
1,677,810	Nan Ya Plastics	3,577	0.41
304,000	Oriental Union Chemical	248	0.03
196,000	Taiwan Fertilizer	208	0.02
194,000	Ton Yi Industrial	66	0.01
Consumer Goods – 1.31%			
625,353	Cheng Shin Rubber Industry	734	0.08
182,000	China Motor	118	0.01
66,685	Eclat Textile	623	0.07
1,275,948	Far Eastern New Century	1,143	0.13
114,600	Feng Tay Enterprises	534	0.06
297,000	Formosa Taffeta	265	0.03
94,000	Giant Manufacturing	311	0.04
32,000	Largan Precision	3,767	0.43
826,000	Pou Chen	699	0.08
563,000	Teco Electric & Machinery	315	0.04
1,452,687	Uni-President Enterprises	2,816	0.32
243,000	Yulon Motor	128	0.01
8,000	Yulon Nissan Motor	48	0.01
Consumer Services – 0.23%			
1,004,000	China Airlines	237	0.03
834,503	Eva Airways	325	0.04
2,000	Hotai Motor Company	13	–
169,822	President Chain Store	1,419	0.16
Financials – 2.69%			
225,770	Capital Securities	59	0.01
2,385,683	Cathay Financial	3,137	0.36
119,200	Cathay Real Estate Developments	52	0.01
1,818,491	Chang Hwa Commercial Bank	868	0.10
4,198,000	China Development Financial	1,162	0.13
723,503	China Life Insurance	553	0.06
5,451,144	CTBC Financial Holding	2,936	0.32
3,033,226	E.Sun Financial	1,713	0.19
721,758	Far Eastern International Bank	202	0.02
2,897,653	First Financial	1,488	0.17

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Taiwan – 16.16% (31/08/17 – 16.08%) – continued			
Financials – 2.69% – continued			
2,208,000	Fubon Financial	2,810	0.32
2,462,947	Hua Nan Financial	1,107	0.13
3,253,563	Mega Financial	2,099	0.24
2,299,955	Shin Kong Financial	697	0.08
3,033,630	SinoPac	851	0.10
3,166,696	Taishin Financial	1,146	0.13
988,717	Taiwan Business Bank	275	0.03
2,622,038	Taiwan Cooperative Financials	1,195	0.14
3,399,216	Yuanta Financial	1,320	0.15
Healthcare – 0.02%			
51,000	Obi Pharma	183	0.02
Industrials – 2.00%			
646,942	Asia Cement	678	0.08
223,000	Catcher Technology	2,100	0.24
181,000	Cheng Uei Precision	127	0.01
648,000	Delta Electronic Industry	1,988	0.23
652,785	Evergreen Marine Corporation	213	0.02
547,000	Fit Hon Teng	215	0.02
4,529,920	Hon Hai Precision Industry	9,123	1.04
1,243,500	Taiwan Cement	1,318	0.15
479,572	Taiwan Glass	196	0.02
666,000	Taiwan High Speed Rail Corporation	432	0.05
108,590	Taiwan Secom	238	0.03
182,000	U-Ming Marine Transport	155	0.02
379,000	Unimcron Technology	167	0.02
875,000	Walsin Lihwa	476	0.05
337,000	Wan Hai Lines	142	0.02
Oil & Gas – 0.15%			
409,000	Formosa Petrochemical	1,291	0.15
Technology – 7.51%			
855,086	Acer	549	0.06
107,063	Advantech	559	0.06
1,008,421	ASE Industrial	1,900	0.22
206,448	Asustek Computer	1,350	0.15
2,611,489	AU Optronics	867	0.10
196,760	Chicony Electronics	318	0.04
1,242,000	Compal Electronics	597	0.07
315,000	Epistar	279	0.03
327,201	Foxconn Technology	638	0.07
71,000	Globalwafers	697	0.08
231,000	HTC	257	0.03
2,851,538	Innolux	814	0.09
877,000	Inventec	604	0.07
611,180	Lite-On Technology	566	0.06
444,858	MediaTek	2,797	0.32
234,000	Nanya Technology	408	0.05
171,586	Novatek Microelectronics	647	0.07
607,181	Pegatron	1,005	0.11
800,000	Quanta Computer	1,056	0.12
146,530	Realtek Semiconductor	547	0.06
398,450	Synnex Technology International	410	0.04
7,307,509	Taiwan Semiconductor Manufacturing	46,768	5.31
73,000	Transcend Information	136	0.01
3,557,000	United Microelectronics	1,541	0.17
290,000	Vanguard International Semiconductor	541	0.06
932,437	Wistron	506	0.06

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Taiwan – 16.16% (31/08/17 – 16.08%) – continued			
Telecommunications – 0.62%			
1,163,000	Chunghwa Telecom	3,146	0.36
526,022	Far EasTone Telecommunications	962	0.11
489,759	Taiwan Mobile	1,313	0.15
Futures – 0.03%			
348	SGX MSCI Taiwan Index Future September 2018	260	0.03
Total Taiwan		142,250	16.16
Thailand – 4.75% (31/08/17 – 4.12%)			
Basic Materials – 0.37%			
1,516,700	Banpu	720	0.08
15,100	Energy Absolute	14	–
561,368	Indorama Ventures	788	0.09
3,450,400	IRPC	560	0.06
628,800	PTT Global Chemical	1,205	0.14
Consumer Goods – 0.20%			
1,267,000	Charoen Pkph Foods	767	0.09
2,400,880	Land and Houses	638	0.07
956,100	Thai Union	393	0.04
Consumer Services – 0.56%			
445,400	BEC World	80	0.01
1,719,300	CP All	2,728	0.31
2,046,104	Home Product Center	697	0.08
1,289,374	Minor International	1,190	0.14
541,900	Thai Airways International	167	0.02
Financials – 1.10%			
76,100	Bangkok Bank	372	0.04
71,700	Bangkok Bank NVDR	344	0.04
146,711	Bangkok Life Assurance	113	0.01
104,649	Bangkok Life Assurance NVDR	81	0.01
815,400	Central Pattana	1,577	0.18
643,439	Kasikornbank (foreign)	3,207	0.36
2,187,400	Krung Thai Bank	992	0.11
776,700	Siam Commercial Bank (foreign)	2,693	0.30
7,952,600	TMB Bank	411	0.05
Healthcare – 0.26%			
2,811,100	Bangkok Dusit Medical Services (foreign)	1,735	0.20
119,500	Bumrungrad Hospital (foreign)	508	0.06
Industrials – 0.83%			
1,420,100	Airports of Thailand	2,220	0.25
2,835,800	Bangkok Expressway and Metro	560	0.06
368,000	Berli Jucker	500	0.06
2,889,000	BTS	625	0.07
194,900	Delta Electronics	318	0.04
275,750	Siam Cement	2,917	0.33
40,942	Siam City Cement	227	0.02
Oil & Gas – 0.91%			
478,500	PTT Exploration & Production	1,603	0.18
4,668,700	PTT Public	5,734	0.65
352,700	Thai Oil	694	0.08
Technology – 0.09%			
402,300	Intouch	520	0.06
214,600	Intouch NVDR	279	0.03

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Thailand – 4.75% (31/08/17 – 4.12%) – continued			
Telecommunications – 0.31%			
368,000	Advanced Info Service	1,739	0.20
282,600	Total Access Communications	304	0.04
4,026,564	True	629	0.07
Utilities – 0.12%			
80,100	Electricity Generating	426	0.05
146,500	Glow Energy	323	0.04
201,200	Ratchburi Electricity Generating	246	0.03
Warrants – 0.00%			
321,000	BTS Group Warrants 31/12/2019*	–	–
Total Thailand		41,844	4.75
Total value of investments**		839,925	95.41
Net other assets		40,389	4.59
Total net assets		880,314	100.00

* Unlisted with nil value.

** Including investment liabilities.

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 AUGUST 2018

Significant Purchases

	Cost £'000
Samsung Electronics	30,619
Taiwan Semiconductor Manufacturing	26,098
Commonwealth Bank of Australia	14,668
AIA	13,916
Westpac Banking	11,786
BHP Billiton	10,486
Australia and New Zealand Banking	9,340
National Australia Bank	9,312
CSL	7,530
Hon Hai Precision Industry	6,511
Subtotal	140,266
Total cost of purchases, including the above, for the year	516,643

Significant Sales

	Proceeds £'000
Samsung Electronics	47,915
Taiwan Semiconductor Manufacturing	39,297
AIA	22,688
Commonwealth Bank of Australia	19,204
BHP Billiton	15,473
Westpac Banking	15,450
Australia and New Zealand Banking	12,783
CSL	11,940
National Australia Bank	11,768
Hon Hai Precision Industry	9,698
Subtotal	206,216
Total proceeds from sales, including the above, for the year	761,428

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Income					
Net capital gains	2		19,691		180,756
Revenue	3	35,569		38,804	
Expenses	4	(2,824)		(3,030)	
Interest payable and similar charges		(10)		(2)	
Net revenue before taxation		32,735		35,772	
Taxation	5	(1,901)		(2,043)	
Net revenue after taxation			30,834		33,729
Total return before distributions			50,525		214,485
Distributions	6		(30,621)		(32,626)
Change in net assets attributable to shareholders from investment activities			19,904		181,859

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		1,143,654		1,040,643
Amounts receivable on creation of shares	504,573		376,894	
Amounts payable on cancellation of shares	(820,774)		(488,543)	
		(316,201)		(111,649)
Dilution levy charged		5,065		2,037
Change in net assets attributable to shareholders from investment activities		19,904		181,859
Retained distributions on accumulation shares		27,892		30,764
Closing net assets attributable to shareholders		880,314		1,143,654

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		840,438	1,065,267
Current assets:			
Debtors	7	4,022	33,283
Cash and bank balances	8	36,845	45,581
Total assets		881,305	1,144,131
LIABILITIES			
Investment liabilities		513	63
Creditors:			
Other creditors	9	478	414
Total liabilities		991	477
Net assets attributable to shareholders		880,314	1,143,654

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital gains during the year comprise:		
Non-derivative securities	20,714	171,294
Derivative securities	4,563	7,260
Currency (losses)/gains	(5,450)	2,311
Activity fees	(136)	(109)
Net capital gains	19,691	180,756

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
Overseas dividends	34,572	36,971
Bank interest	185	93
Interest received on amounts held with brokers	14	16
Stock lending income	532	498
Stock dividends	266	1,226
Total revenue	35,569	38,804

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	2,210	2,270
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	67	86
Safe custody fees	320	337
	387	423
Other expenses:		
Registrar's fees	25	17
Audit fee	8	13
FTSE® licence fee	142	147
Service charges	21	22
Printing & stationery fee	2	3
Professional fee	28	133
Legal fee	1	2
	227	337
Total expenses	2,824	3,030

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	1,901	2,043
Current tax charge for the year	1,901	2,043

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	32,735	35,772
Corporation tax at 20% (31/08/17: 20%)	6,547	7,154
Effects of:		
Revenue not subject to taxation	(6,548)	(7,209)
Current year expenses not utilised	30	91
Irrecoverable overseas tax	1,901	2,043
Tax relief on overseas tax suffered	(29)	(36)
Current tax charge for the year	1,901	2,043

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £3,212,000 (31/08/17: £3,182,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	11,761	10,843
Final	16,131	19,921
	27,892	30,764
Add: Amounts deducted on cancellation of shares	4,952	3,313
Deduct: Amounts received on the creation of shares	(2,223)	(1,451)
Net distributions for the year	30,621	32,626

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

Net revenue after taxation	30,834	33,729
Stock dividend charged to capital	(266)	(1,226)
Tax relief on stock dividends charged to capital	53	123
Net distributions for the year	30,621	32,626

Details of the distribution per share are set out on page 217.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	225	28,549
Sales awaiting settlement	63	–
Accrued revenue	3,734	4,628
Withholding tax recoverable	–	106
Total debtors	4,022	33,283

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	29,025	37,737
Amounts held at futures clearing houses and brokers	7,820	7,844
Total cash and bank balances	36,845	45,581

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Accrued expenses	400	306
Overseas tax payable on stock dividends	78	108
Total other creditors	478	414

10. Reconciliation of number of shares

	Class Z Accumulation
Opening shares at 01/09/17	200,823,822
Shares issued	90,129,752
Shares cancelled	(142,065,571)
Closing shares at 31/08/18	148,888,003

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £74,485 (31/08/17: £28,360,487).

At the year end, 31 August 2018, 96.08% (31/08/17: 96.07%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £133,000 (Gross: £665,000) (31/08/17: £125,000 (Gross: £623,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £90,745,000 (31/08/17: £110,642,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	60,175	99,291
Bonds	39,830	18,042

The aggregate value of collateral held at the balance sheet date was £100,005,000 (31/08/17: £117,333,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were BNP Paribas, Credit Suisse Dublin Branch, Credit Suisse Securities, Goldman Sachs International, HSBC Bank, JP Morgan Securities, Macquarie Bank, Morgan Stanley Securities, Natixis, Societe Generale, Bank of Nova Scotia and UBS AG.

14. Financial derivatives

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

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

The types of derivatives held at the year end were index futures which are not classed as OTC derivatives.

Details of the individual contracts are shown on the portfolio statement on pages 201 to 207.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 210. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	1,973	1,643
Australian dollar	265,319	348,380
Euro	–	15
Hong Kong dollar	133,327	177,266
Korean won	183,234	231,095
Malaysian ringgit	36,181	44,362
New Zealand dollar	8,978	11,947
Singapore dollar	44,917	62,834
Taiwanese dollar	142,966	185,942
Thai baht	41,932	47,288
US dollar	21,487	32,882
Total	880,314	1,143,654

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £87,834,000 (31/08/17: £114,201,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £87,834,000 (31/08/17: £114,201,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £83,993,000 (31/08/17: £106,520,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £83,993,000 (31/08/17: £106,520,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £29,025,000 (31/08/17: £37,737,000) which earn interest by reference to LIBOR or international equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	515,349	77	0.01	86	0.02	31	0.01	515,543
Corporate actions	1,100	–	–	–	–	–	–	1,100
Total	516,449	77		86		31		516,643

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	757,609	114	0.02	1,022	0.13	45	0.01	756,428
Corporate actions	5,000	–	–	–	–	–	–	5,000
Total	762,609	114		1,022		45		761,428

The Fund had paid £60,000 as commission on purchases and sale derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions 0.02%

Taxes 0.10%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	327,497	50	0.02	61	0.02	21	0.01	327,629
Corporate actions	2,207	–	–	–	–	–	–	2,207
Total	329,704	50		61		21		329,836

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	377,450	57	0.02	506	0.13	24	0.01	376,863
Corporate actions	4,255	–	–	–	–	–	–	4,255
Total	381,705	57		506		24		381,118

The Fund had paid £58,000 as commission on purchases and sale derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions 0.01%

Taxes 0.05%

Other expenses 0.00%

At the balance sheet date the portfolio dealing spread was 0.41% (31/08/17: 0.39%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	839,745	–	–	839,745
Derivatives	693	–	–	693
Total	840,438	–	–	840,438
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(513)	–	–	(513)
Total	(513)	–	–	(513)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	1,064,847	–	–	1,064,847
Derivatives	420	–	–	420
Total	1,065,267	–	–	1,065,267
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(63)	–	–	(63)
Total	(63)	–	–	(63)

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class Z Accumulation				
Group 1	5.7018	–	5.7018	5.5337
Group 2	2.6640	3.0378	5.7018	5.5337

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class Z Accumulation				
Group 1	10.8347	–	10.8347	9.9198
Group 2	7.9588	2.8759	10.8347	9.9198

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year return %	3 year return %	5 year return %
Royal London Europe ex UK Tracker Fund, Class Z Accumulation (Total return)	1.33	45.89	60.54
FTSE® World Europe ex UK Index (Capital return)	-1.68	34.09	41.27

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This and the charges associated with the Fund account for the majority of the difference between the performance of the Fund and the FTSE® World Europe ex UK Index.

The tracking error between the Royal London Europe ex UK Tracker Fund and the FTSE® World Europe ex UK Index was 0.22% during the period under review. This is within the anticipated tracking error range of 0.20% to 0.30%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs and the use of index futures to manage cashflows.

Market and portfolio commentary

The Fund aims to achieve the capital return of the FTSE® World Europe ex UK Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

JoJo Chen
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLE

Class Z Accumulation

	31/08/18 (p)	31/08/17 (p)	31/08/16 (p)
Change in net assets per share			
Opening net asset value per share	158.12	126.09	109.36
Return before operating charges*	1.49	32.37	16.99
Operating charges	(0.37)	(0.34)	(0.26)
Return after operating charges*	1.12	32.03	16.73
Distributions on accumulation shares	(3.58)	(3.57)	(3.17)
Retained distributions on accumulation shares	3.58	3.57	3.17
Closing net asset value per share	159.24	158.12	126.09
* after direct transaction costs of:	0.05	0.05	0.01
Performance			
Return after charges	0.71%	25.40%	15.30%
Other information			
Closing net asset value (£'000)	718,848	732,233	549,641
Closing number of shares	451,421,973	463,090,386	435,916,315
Operating charges	0.24%	0.24%	0.23%
Direct transaction costs	0.03%	0.03%	0.01%
Prices[^]			
Highest share price	163.20	158.70	129.60
Lowest share price	146.10	122.60	100.10

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 98.91% (31/08/17 – 98.88%)			
Austria – 0.59% (31/08/17 – 0.54%)			
Oil & Gas – 0.11%			
20,285	OMV	832	0.11
Basic Materials – 0.07%			
14,540	Voestalpine	503	0.07
Industrials – 0.06%			
9,136	Andritz	415	0.06
Telecommunications – 0.02%			
18,046	Telekom Austria	120	0.02
Financials – 0.24%			
38,936	Erste Bank	1,197	0.17
17,386	Raiffeisen Bank International	379	0.05
5,411	Vienna Insurance	114	0.02
Technology – 0.09%			
10,998	ams AG	670	0.09
Total Austria		4,230	0.59

Belgium – 2.34% (31/08/17 – 2.59%)

Basic Materials – 0.30%			
9,367	Solvay	961	0.13
28,999	Umicore	1,247	0.17
Industrials – 0.08%			
2,965	Ackermans	407	0.06
15,233	Bpost	178	0.02
Consumer Goods – 1.05%			
104,326	Anheuser-Busch InBev	7,531	1.05
Healthcare – 0.17%			
17,191	UCB	1,212	0.17
Consumer Services – 0.10%			
9,007	Colruyt	413	0.06
7,630	Telenet	320	0.04
Telecommunications – 0.05%			
19,219	Proximus	341	0.05
Financials – 0.59%			
25,600	Ageas (Bruxelles listed)	1,021	0.14
9,884	Groupe Bruxelles Lambert	800	0.11
37,822	KBC Group	2,069	0.29
2,298	Sofina	350	0.05
Total Belgium		16,850	2.34

Czech Republic – 0.14% (31/08/17 – 0.13%)

Telecommunications – 0.01%			
6,731	O2 Czech Republic AS	61	0.01
Utilities – 0.05%			
20,241	Cez	398	0.05
Financials – 0.08%			
10,220	Komerční Banka	329	0.05
83,939	Moneta Money Bank	227	0.03
Total Czech Republic		1,015	0.14

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Denmark – 3.62% (31/08/17 – 3.91%)			
Oil & Gas – 0.20%			
26,318	Vestas Windsystems	1,409	0.20
Industrials – 0.61%			
606	A.P. Moller-Maersk 'A'	676	0.09
872	A.P. Moller-Maersk 'B'	1,041	0.14
24,339	DSV	1,756	0.24
23,675	ISS	638	0.09
971	Rockwool International 'B'	324	0.05
Consumer Goods – 0.43%			
14,318	Carlsberg 'B'	1,350	0.19
13,851	Christian Hansen	1,084	0.15
14,173	Pandora	651	0.09
Healthcare – 1.87%			
18,797	Coloplast 'B'	1,547	0.22
7,693	Genmab	1,026	0.14
8,847	Lundbeck	400	0.06
233,424	Novo Nordisk 'B'	8,860	1.23
27,929	Novozymes	1,182	0.16
14,184	William Demant	444	0.06

Utilities – 0.14%			
20,871	Orsted	1,017	0.14
Financials – 0.37%			
88,051	Danske Bank	1,993	0.28
8,698	Jyske Bank	339	0.05
16,170	Tryg	305	0.04
Total Denmark		26,042	3.62

Finland – 2.44% (31/08/17 – 2.28%)

Oil & Gas – 0.17%			
17,916	Neste Oyj	1,202	0.17
Basic Materials – 0.45%			
75,012	Stora Enso	1,075	0.15
73,265	UPM-Kymmene	2,177	0.30
Industrials – 0.56%			
13,576	Huhtamaki Oyj	375	0.05
52,917	Kone 'B'	2,205	0.31
15,432	Metso Oyj	418	0.06
61,020	Wartsila	992	0.14
Consumer Goods – 0.08%			
18,111	Nokian Renkaat	575	0.08
Healthcare – 0.06%			
15,150	Orion Oyj	430	0.06
Consumer Services – 0.05%			
8,773	Kesko UYJ 'B'	394	0.05
Telecommunications – 0.09%			
18,651	Elisa Oyj	617	0.09
Utilities – 0.16%			
58,399	Fortum	1,142	0.16
Financials – 0.36%			
66,614	Sampo Oyj 'A'	2,627	0.36
Technology – 0.46%			
775,247	Nokia	3,328	0.46
Total Finland		17,557	2.44

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
France – 21.47% (31/08/17 – 20.21%)			
Oil & Gas – 2.29%			
341,483	Total	16,467	2.29
Basic Materials – 0.94%			
56,934	Air Liquide	5,530	0.77
9,537	Arkema	920	0.13
5,107	Imerys	283	0.04
Industrials – 3.70%			
4,012	ADP Promesses	680	0.10
21,624	Alstom	735	0.10
117,610	Bolloré	434	0.06
28,560	Bouygues	972	0.14
33,185	Bureau Veritas	657	0.09
343	Dassault Aviation	492	0.07
32,305	Edenred	949	0.13
10,456	Eiffage	907	0.13
25,228	Elis	451	0.06
61,550	Groupe Eurotunnel	598	0.08
36,163	Legrand	2,100	0.29
44,949	Rexel	545	0.08
43,351	Safran	4,356	0.61
65,843	Saint Gobain	2,185	0.30
69,782	Schneider Electric	4,388	0.61
13,311	Thales	1,445	0.20
63,214	Vinci	4,672	0.65
Consumer Goods – 4.72%			
3,633	BIC	259	0.04
80,044	Danone	4,858	0.68
9,450	Faurecia	446	0.06
4,198	Hermes International	2,105	0.29
32,661	L'Oreal	6,037	0.84
33,608	LVMH	9,081	1.26
23,915	Michelin	2,183	0.30
28,577	Pernod-Ricard	3,475	0.48
72,911	Peugeot	1,546	0.22
8,386	Plastic Omnium	256	0.04
3,677	Remy Cointreau	397	0.06
24,696	Renault	1,640	0.23
3,633	SEB	522	0.07
31,716	Valeo	1,110	0.15
Healthcare – 2.17%			
6,306	BioMérieux	427	0.06
28,082	Essilor International	3,123	0.44
1,450	Eurofins Scientific	631	0.09
4,766	Ipsen Promesses	653	0.09
6,254	Orpea	652	0.09
147,476	Sanofi	9,728	1.35
3,683	Sartorius Stedim Biotech	360	0.05
Consumer Services – 1.81%			
27,131	Accor	1,046	0.15
32,661	Air France-KLM	242	0.03
11,778	ALD	168	0.02
73,260	Carrefour	1,008	0.14
8,443	Casino Guichard-Perrachon	206	0.03
14,142	Elior Participations	171	0.02
22,888	Eutelsat Communications	418	0.06
11,162	JC Decaux	284	0.04
10,058	Kering	4,214	0.59
17,080	Lagardere	388	0.05

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
France – 21.47% (31/08/17 – 20.21%) – continued			
Consumer Services – 1.81% – continued			
27,909	Publicis Group	1,381	0.19
11,977	Sodexo	962	0.13
130,632	Vivendi	2,614	0.36
Telecommunications – 0.46%			
262,272	Orange	3,274	0.46
Utilities – 0.77%			
66,335	Electricite de France	838	0.12
223,788	Engie	2,530	0.35
11,626	Rubis	530	0.07
48,322	Suez Environnement	539	0.08
66,353	Veolia Environnement	1,078	0.15
Financials – 3.43%			
7,166	Amundi	398	0.06
260,230	AXA	5,066	0.71
146,414	BNP Paribas	6,629	0.92
21,234	CNP Assurances	376	0.05
151,815	Credit Agricole	1,602	0.22
6,120	Eurazeo	358	0.05
4,756	Fonciere des Regions	383	0.05
7,248	Gecina	959	0.13
4,904	Icade EMGP	369	0.05
26,343	Klepierre	728	0.10
117,119	Natixis Banques Populaires	603	0.08
22,693	Scor Regroupe	709	0.10
100,391	Societe Generale	3,166	0.44
17,992	Unibail-Rodamco	2,915	0.41
3,762	Wendel	429	0.06
Technology – 1.18%			
12,248	Atos	1,131	0.16
20,933	Cap Gemini	2,074	0.29
17,457	Dassault Systemes	2,180	0.30
3,171	Iliad	316	0.04
8,487	Ingenico	459	0.06
7,585	Teleperformance	1,123	0.16
11,298	UBI Soft Entertainment	937	0.13
5,465	Worldline	256	0.04
Futures – 0.00%			
34	EOP CAC40 10 Euro Future September 2018	30	–
Total France		154,342	21.47
Germany – 20.23% (31/08/17 – 19.76%)			
Basic Materials – 4.03%			
123,690	BASF	8,808	1.23
126,478	Bayer	9,116	1.27
22,102	Brenntag	1,031	0.14
25,276	Covestro	1,658	0.23
19,795	Evonik Industries	568	0.08
4,066	Fuchs Petrolub	168	0.02
10,121	Fuchs Petrolub Preference	457	0.06
28,441	K+S	499	0.07
12,900	Lanxess	782	0.11
25,405	Linde	4,463	0.62
16,988	Symrise	1,224	0.17
2,218	Wacker Chemie	246	0.03

PORTFOLIO STATEMENT (CONTINUED)

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Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Germany – 20.23% (31/08/17 – 19.76%) – continued			
Industrials – 3.44%			
132,194	Deutsche Post	3,704	0.51
4,824	Fraport	334	0.05
22,359	GEA	654	0.09
3,717	Hapag-Lloyd	118	0.02
19,762	HeidelbergCement	1,209	0.17
2,484	Hochtief	312	0.04
10,473	KION	551	0.08
4,648	MAN	389	0.05
7,128	MTU Aero Engines	1,205	0.17
14,252	Osram Licht	493	0.07
447	Rational	274	0.04
4,664	Sartorius Preference	651	0.09
103,880	Siemens	10,394	1.45
62,152	Thyssenkrupp	1,109	0.15
26,881	Uniper	631	0.09
15,624	Wirecard	2,678	0.37
Consumer Goods – 3.92%			
27,115	Adidas	5,211	0.73
13,938	Beiersdorf	1,250	0.17
43,784	BMW	3,263	0.45
7,334	BMW Preference	471	0.07
14,676	Continental	2,075	0.29
116,478	Daimler	5,801	0.81
6,703	Hella Hueck	313	0.04
14,056	Henkel	1,207	0.17
23,777	Henkel Preference	2,338	0.32
8,556	Hugo Boss	525	0.07
20,878	Porsche Preference	1,019	0.14
1,128	Puma	476	0.07
5,765	Rheinmetall	484	0.07
11,096	Suedzucker	118	0.02
4,294	Volkswagen	533	0.07
24,859	Volkswagen Preference	3,123	0.43
Healthcare – 1.13%			
5,065	Carl Zeiss Meditec	346	0.05
55,882	Fresenius	3,282	0.45
28,699	Fresenius Medical Care	2,241	0.31
17,678	Merck KGaA	1,428	0.20
17,808	Siemens Healthineers	623	0.09
3,436	Stada Arzneimittel	250	0.03
Consumer Services – 0.42%			
5,704	Axel Springer	320	0.04
21,812	Ceconomy	128	0.02
3,792	Fielmann	197	0.03
31,439	Lufthansa	631	0.09
25,794	Metro	312	0.04
32,162	ProSiebenSat.1 Media AG	650	0.09
19,225	Zalando	778	0.11
Telecommunications – 0.84%			
436,335	Deutsche Telekom	5,427	0.75
6,918	Drillisch	270	0.04
100,492	Telefonica Deutschland	321	0.05
Utilities – 0.61%			
294,998	E.On	2,414	0.34
14,836	Innogy	486	0.07
72,047	RWE	1,407	0.19
4,221	RWE Preference	68	0.01

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Germany – 20.23% (31/08/17 – 19.76%) – continued			
Financials – 3.55%			
59,267	Allianz	9,738	1.35
147,056	Commerzbank	1,069	0.15
257,244	Deutsche Bank	2,227	0.31
25,509	Deutsche Boerse	2,715	0.38
47,944	Deutsche Wohnen	1,869	0.26
8,253	Hannover Rueckver	873	0.12
8,985	LEG Immobilien	846	0.12
19,895	Muenchener Rueckver	3,305	0.46
4,858	Talanx	142	0.02
68,744	Vonovia	2,721	0.38
Technology – 2.29%			
14,663	Delivery Hero	623	0.09
154,570	Infineon Technologies	3,030	0.42
131,068	SAP	12,141	1.69
16,484	United Internet	670	0.09
Futures – 0.00%			
6	EUX DAX Index Future September 2018	(32)	–
Total Germany		145,449	20.23
Greece – 0.25% (31/08/17 – 0.30%)			
Oil & Gas – 0.02%			
2,965	Hellenic Petroleum	19	–
6,749	Motor Oil	123	0.02
Basic Materials – 0.02%			
14,282	Mytilineos Holdings	110	0.02
Industrials – 0.02%			
6,700	Titan Cement	119	0.02
Consumer Goods – 0.03%			
16,613	Jumbo	192	0.03
Consumer Services – 0.03%			
4,503	Folli Follie	19	–
28,043	Greek Organisation of Football Prognostics	232	0.03
Telecommunications – 0.04%			
31,347	Hellenic Telecommunications Organization	308	0.04
Financials – 0.09%			
209,675	Alpha Bank	297	0.04
241,101	Eurobank Ergasias	159	0.02
722,711	National Bank of Greece	158	0.02
42,259	Piraeus Bank	90	0.01
Total Greece		1,826	0.25
Hungary – 0.24% (31/08/17 – 0.29%)			
Oil & Gas – 0.06%			
55,234	Mol Hungarian Oil & Gas	435	0.06
Healthcare – 0.04%			
21,294	Richter Gedeon Nyrt	324	0.04
Telecommunications – 0.01%			
48,617	Magyar Telecom	55	0.01
Financials – 0.13%			
32,210	OTP Bank	911	0.13
Total Hungary		1,725	0.24

PORTFOLIO STATEMENT (CONTINUED)

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Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Ireland – 0.58% (31/08/17 – 0.55%)			
Industrials – 0.11%			
20,429	Kingspan Group	768	0.11
Consumer Goods – 0.29%			
29,547	Glanbia	387	0.05
19,705	Kerry 'A' (London listed)	1,727	0.24
Financials – 0.18%			
101,001	AIB Group	436	0.06
131,178	Bank of Ireland	833	0.12
Total Ireland		4,151	0.58
Italy – 4.53% (31/08/17 – 4.89%)			
Oil & Gas – 0.73%			
343,629	ENI	4,915	0.68
84,503	Saipem	348	0.05
Industrials – 0.35%			
71,418	Atlantia	1,148	0.16
9,689	Buzzi Unicem	150	0.02
4,734	Buzzi Unicem DI RISP	42	0.01
56,534	Finmeccanica	488	0.07
34,776	Prysmian	692	0.09
Consumer Goods – 0.66%			
75,625	Davide Campari	516	0.07
149,620	Fiat Chrysler	1,950	0.27
20,683	Luxottica	1,058	0.15
21,206	Moncler	739	0.10
24,669	Parmalat	62	0.01
49,421	Pirelli	307	0.04
5,703	Salvatore Ferragamo	105	0.02
Healthcare – 0.04%			
11,718	Recordati	316	0.04
Consumer Services – 0.02%			
46,930	Mediaset	108	0.02
Telecommunications – 0.15%			
1,449,685	Telecom Italia	712	0.10
894,315	Telecom Italia RNC	383	0.05
Utilities – 0.89%			
196,059	A2A	260	0.04
1,062,426	Enel	4,050	0.56
72,247	Italgas	301	0.04
304,704	Snam	964	0.14
196,672	Terna	796	0.11
Financials – 1.69%			
33,532	Banca Mediolanum	175	0.02
142,353	Banche Popolari Unite	404	0.06
219,790	Banco BPM	382	0.05
58,084	Finecobank Banco Fineco	533	0.07
103,120	Fondiaria-Sai	178	0.03
177,561	Generali	2,279	0.32
2,002,092	Intesa Sanpaolo	3,812	0.53
85,163	Mediobanca	611	0.08
57,919	Poste Italiane	344	0.05
307,997	UniCredit	3,428	0.48
Futures – 0.00%			
3	MIL FTSE®/MIB Index Future September 2018	(18)	–
Total Italy		32,538	4.53

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Luxembourg – 0.53% (31/08/17 – 0.51%)			
Basic Materials – 0.37%			
80,571	ArcelorMittal	1,869	0.26
63,814	Tenaris	823	0.11
Consumer Services – 0.15%			
5,703	RTL	330	0.05
48,000	SES Global	742	0.10
Telecommunications – 0.01%			
14,950	PLAY Communications	67	0.01
Total Luxembourg		3,831	0.53
Netherlands – 8.85% (31/08/17 – 8.02%)			
Basic Materials – 0.64%			
34,013	Akzo Nobel	2,451	0.34
23,464	Koninklijke DSM	1,898	0.26
12,764	OCI	317	0.04
Industrials – 2.05%			
13,632	Aalberts Industries	451	0.06
74,676	Airbus	7,103	0.99
11,946	Boskalis Westminster	264	0.04
135,206	CNH Industrial	1,246	0.17
124,053	Koninklijke Philips	4,273	0.59
15,994	Signify	347	0.05
14,379	Randstad	695	0.10
9,578	Vopak	380	0.05
Consumer Goods – 1.98%			
17,173	Ferrari	1,732	0.24
32,113	Heineken	2,446	0.34
14,189	Heineken Holdings	1,040	0.15
203,006	Unilever	9,004	1.25
Healthcare – 0.13%			
30,142	Qiagen NMBC	901	0.13
Consumer Services – 1.00%			
997	AmRest Holdings	85	0.01
5,884	GrandVision	111	0.02
166,021	Koninklijke Ahold	3,114	0.43
116,805	Relx	1,993	0.28
37,471	Wolters Kluwer	1,831	0.26
Telecommunications – 0.14%			
73,908	Altice Europe 'A'	171	0.02
3,190	Altice Europe 'B'	7	–
436,599	KPN Koninklijke	860	0.12
Financials – 1.47%			
57,277	ABN AMRO	1,196	0.17
238,058	Aegon	1,100	0.15
18,297	ASR Nederland	673	0.09
14,120	Exor	708	0.10
519,000	ING Groep certificates	5,430	0.76
44,200	NN	1,461	0.20
Technology – 1.44%			
54,428	ASML Holding	8,558	1.19
9,121	Gemalto	407	0.06
84,714	STMicroelectronics	1,342	0.19
Futures – 0.00%			
14	EOE Amsterdam Index Future September 2018	8	–
Total Netherlands		63,603	8.85

PORTFOLIO STATEMENT (CONTINUED)

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Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Norway – 1.52% (31/08/17 – 1.39%)			
Oil & Gas – 0.43%			
	14,569 Aker BP	398	0.06
	135,194 Equinor	2,675	0.37
Basic Materials – 0.23%			
	189,946 Norsk Hydro	809	0.11
	24,368 Yara International	865	0.12
Consumer Goods – 0.23%			
	57,786 Marine Harvest	963	0.13
	111,139 Orkla	706	0.10
Consumer Services – 0.08%			
	10,713 Schibsted	296	0.04
	12,870 Schibsted 'B'	323	0.04
Telecommunications – 0.19%			
	93,200 Telenor	1,356	0.19
Financials – 0.36%			
	146,781 Den Norske Bank	2,306	0.32
	20,399 Gjensidige Forsikring	263	0.04
Total Norway		10,960	1.52

Poland – 0.98% (31/08/17 – 1.01%)

Oil & Gas – 0.19%			
	12,036 Grupa Lotos	176	0.02
	242,411 Polish Oil & Gas	294	0.04
	44,386 Polski Koncern Naftowy Orlen	912	0.13
Basic Materials – 0.09%			
	3,413 Ciech	37	0.01
	6,134 Grupa Azoty	49	0.01
	6,311 Jastzebska Spolka Weglowa	102	0.01
	21,148 KGHM	401	0.06
Industrials – 0.00%			
	1,178 Budimex	28	–
Consumer Goods – 0.08%			
	8,074 Dino Polska	154	0.02
	222 LPP	430	0.06
Consumer Services – 0.04%			
	3,011 CCC	136	0.02
	22,623 Cyfrowy Polsat	106	0.01
	10,432 Eurocash	44	0.01
Telecommunications – 0.01%			
	85,919 Orange Polska	87	0.01
Utilities – 0.05%			
	27,636 ENEA	49	0.01
	116,028 Polska Grupa Energetyczna	218	0.03
	142,764 Tauron Polska Energia	59	0.01
Financials – 0.45%			
	12,255 Alior Bank	174	0.02
	3,105 Bank Handlowy W Warszawie	44	0.01
	81,295 Bank Millennium	153	0.02
	22,535 Bank Pekao	550	0.08
	3,476 Bank Zachodni	272	0.04
	2,328 KRUK	100	0.01
	1,771 mBank	152	0.02
	122,559 PKO Bank Polski	1,081	0.15
	80,536 PZU	751	0.10

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Poland – 0.98% (31/08/17 – 1.01%) – continued			
Technology – 0.07%			
	7,594 Asseco Poland	73	0.01
	9,554 CD Projekt	411	0.06
Total Poland		7,043	0.98
Portugal – 0.35% (31/08/17 – 0.33%)			
Oil & Gas – 0.15%			
	68,992 Galp Energia SGPS	1,075	0.15
Consumer Services – 0.06%			
	37,365 Jeronimo Martins	431	0.06
Utilities – 0.14%			
	324,092 Electricidad de Portugal	976	0.14
Financials – 0.00%			
	371,192 Banco Espirito Santo	–	–
Total Portugal		2,482	0.35

Spain – 6.34% (31/08/17 – 7.31%)

Oil & Gas – 0.39%			
	32,586 Gamesa	375	0.05
	162,985 Repsol	2,417	0.34
Basic Materials – 0.03%			
	22,116 Acerinox	229	0.03
Industrials – 0.52%			
	3,396 Acciona	230	0.03
	33,148 Actividades de Construcción y Servicios	1,064	0.15
	8,899 Aena	1,214	0.17
	64,052 Ferrovial SA	1,068	0.15
	26,016 Zardoya OTIS	187	0.02
Healthcare – 0.22%			
	44,585 Grifols 'A'	1,011	0.14
	36,853 Grifols 'B'	604	0.08
Consumer Services – 0.49%			
	54,783 Distribuidora Internacional De Alimentacion	100	0.01
	141,249 Inditex	3,294	0.46
	24,136 Mediaset Espana Comunicacion	136	0.02
Telecommunications – 0.59%			
	19,998 Cellnex Telecom	396	0.06
	608,747 Telefonica	3,807	0.53
Utilities – 1.13%			
	21,846 EDP Renovaveis	167	0.02
	29,430 Enagas	631	0.09
	41,984 Endesa	724	0.10
	40,988 Naturgy Energy	849	0.12
	833,518 Iberdrola	4,792	0.67
	56,962 Red Electrica de Espana	923	0.13
Financials – 2.41%			
	787,139 Banco de Sabadell	932	0.13
	2,144,457 Banco Santander	8,228	1.15
	158,150 Bankia	458	0.06
	95,447 Bankinter	655	0.09
	895,518 BBVA	4,305	0.60
	483,615 CaixaBank	1,671	0.23
	7,090 Catalana Occidente	229	0.03
	2,039 Corporacion Financiera Alba	89	0.01
	142,988 Corporacion Mapfre	325	0.05
	42,304 Merlin Properties REIT	455	0.06

PORTFOLIO STATEMENT (CONTINUED)

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Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Spain – 6.34% (31/08/17 – 7.31%)			
Technology – 0.56%			
55,942	Amadeus IT 'A'	4,002	0.56
Futures – 0.00%			
10	MFM Ibex 35 Index Future September 2018	(14)	–
Total Spain		45,553	6.34
Sweden – 5.73% (31/08/17 – 6.19%)			
Oil & Gas – 0.09%			
24,859	Lundin Petroleum	666	0.09
Basic Materials – 0.22%			
37,757	Boliden	762	0.11
84,697	SCA 'B'	764	0.11
Industrials – 2.22%			
41,180	Alfa Laval	850	0.12
81,976	Atlas Copco 'A'	1,801	0.25
52,723	Atlas Copco 'B'	1,073	0.15
124,772	Assa Abloy 'B'	1,960	0.27
87,821	Epiroc 'A'	701	0.10
48,306	Epiroc 'B'	354	0.05
33,562	Hexagon	1,536	0.21
16,060	Latour 'B'	144	0.02
10,116	Saab 'B'	360	0.05
144,499	Sandvik	1,950	0.27
40,839	Securitas 'B'	559	0.08
48,036	Skanska 'B'	693	0.10
53,820	SKF 'B'	798	0.11
34,656	Trelleborg 'B'	522	0.07
201,217	Volvo 'B'	2,670	0.37
Consumer Goods – 0.48%			
31,664	Electrolux 'B'	544	0.07
81,520	Essity 'B'	1,631	0.23
55,795	Husqvarna 'B'	343	0.05
23,183	Swedish Match	954	0.13
Healthcare – 0.00%			
607	Arjo AB	2	–
607	Getinge	6	–
Consumer Services – 0.21%			
121,663	Hennes & Mauritz 'B'	1,263	0.18
10,253	ICA Gruppen	239	0.03
Telecommunications – 0.24%			
49,565	Tele2 'B'	472	0.07
361,529	Telia Company (Stockholm listed)	1,238	0.17
Financials – 1.90%			
12,820	Fastighets AB Balder 'B'	281	0.04
194,896	Handelsbanken 'A'	1,819	0.25
4,685	Handelsbanken 'B'	44	0.01
29,535	Industivarden 'A'	499	0.07
21,225	Industivarden 'C'	349	0.05
30,335	Investment AB Kinnevik 'B'	768	0.10
60,092	Investor 'B'	2,089	0.29
10,140	Lundbergs AB 'B'	263	0.04
431,182	Nordea	3,581	0.50
193,002	SEB 'A'	1,588	0.22
134,010	Swedbank 'A'	2,399	0.33
Technology – 0.37%			
5,490	Ericsson 'A'	36	0.01
403,187	Ericsson 'B'	2,620	0.36

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Sweden – 5.73% (31/08/17 – 6.19%) – continued			
Futures – 0.00%			
51	SSE OMXS30 Index Future September 2018	21	–
Total Sweden		41,212	5.73
Switzerland – 17.56% (31/08/17 – 17.60%)			
Basic Materials – 0.74%			
29,498	Clariant	568	0.08
1,066	EMS Chemie	519	0.07
1,243	Givaudan	2,331	0.32
16,887	Sika	1,929	0.27
Industrials – 2.06%			
243,906	ABB	4,434	0.62
21,793	Adecco	1,030	0.14
2,386	Flughafen Zuerich	380	0.05
4,819	Geberit	1,689	0.24
573	Georg Fischer	578	0.08
7,023	Kuehne & Nagel	874	0.12
47,533	LafargeHolcim	1,784	0.25
17,094	LafargeHolcim (EUR)	644	0.09
26,165	OC Oerlikon	294	0.04
2,380	Schindler	423	0.06
5,907	Schindler participation certificates	1,086	0.15
706	SGS Surveillance	1,433	0.20
1,535	Sulzer	148	0.02
Consumer Goods – 4.94%			
11,295	Aryzta	82	0.01
289	Barry Callebaut	397	0.06
69,576	CIE Financiere Richemont 'A'	4,744	0.66
13	Lindt & Spruengli	880	0.12
145	Lindt & Spruengli-participating Certificates	832	0.12
414,932	Nestlé (registered)	26,857	3.74
3,944	Swatch 'B'	1,297	0.18
6,147	Swatch 'R'	383	0.05
Healthcare – 5.97%			
10,066	Lonza	2,498	0.35
295,036	Novartis (registered)	18,867	2.62
3,670	Roche	710	0.10
94,126	Roche – participating	18,028	2.51
7,216	Sonova	1,054	0.15
1,427	Straumann	876	0.12
6,292	Vifor Pharma	894	0.12
Consumer Services – 0.08%			
3,537	DKSH	198	0.03
4,053	Dufry	386	0.05
Telecommunications – 0.17%			
3,544	Swisscom	1,221	0.17
Financials – 3.34%			
6,146	Baloise	728	0.10
420	Banque Cantonale Vaudoise	243	0.03
343,159	Credit Suisse	3,961	0.55
935	Helvetia	433	0.06
29,749	Julius Baer	1,219	0.17
4,795	Pargesa 'B'	300	0.04
2,226	Partners	1,347	0.19
4,358	PSP Swiss Property	334	0.05
4,549	Swiss Life	1,270	0.18

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Switzerland – 17.56% (31/08/17 – 17.60%) – continued			
Financials – 3.34% – continued			
	9,787 Swiss Prime Site	693	0.10
	42,352 Swiss Reinsurance	2,936	0.41
	476,076 UBS (registered)	5,730	0.80
	20,303 Zurich Insurance	4,766	0.66
Technology – 0.26%			
	19,784 Logitech	752	0.10
	8,403 Temenos Group	1,170	0.16
Futures – 0.00%			
	22 EUX Swiss Market Index Future September 2018	(31)	–
Total Switzerland		126,199	17.56

Turkey – 0.41% (31/08/17 – 0.90%)

Oil & Gas – 0.04%			
	19,177 Tupras-Turkiye Petrol Rafine	263	0.04
Basic Materials – 0.05%			
	168,073 Eregli Demir Celik Fabrik	231	0.03
	6,016 Koza Altin Isletmeleri	31	–
	85,669 Petkim Petrokimya	55	0.01
	55,557 Soda Sanayii	52	0.01
Industrials – 0.02%			
	82,522 Enka Insaat	49	0.01
	20,950 TAV Havalimanlari	80	0.01
	841 Turk Traktor Ve Ziraat Makin	4	–
Consumer Goods – 0.04%			
	25,934 Anadolou Efes Biracilik	63	0.01
	22,124 Arcelik	34	–
	8,452 Coca-Cola Icecek	28	–
	9,164 Ford Otomotiv Sanayi	71	0.01
	17,161 Tofas Turk Otomobil Fabrikasi	46	0.01
	83,970 Turk Sise Ve Cam Fabrik	60	0.01
	18,769 Ulker Biskuvi Sanayi	32	–
Consumer Services – 0.06%			
	30,057 BIM Birlesik Magazalar	254	0.04
	4,293 Migros Ticaret	7	–
	70,974 Turk Hava Yollari	134	0.02
Telecommunications – 0.03%			
	72,828 Turk Telekomunikasyon	31	–
	169,238 Turkcell Iletisim Hizmetleri	208	0.03
Utilities – 0.00%			
	9,190 Aygaz	13	–
Financials – 0.16%			
	338,756 Akbank T.A.S	227	0.03
	253,595 Emlak Konut Gayrimenku	54	0.01
	122,195 Haci Omer Sabanci	101	0.01
	116,405 KOC	203	0.03
	336,878 Turkiye Garanti Bankasi	233	0.03
	82,667 Turkiye Halk Bankasi	59	0.01
	242,086 Turkiye Is Bankasi	112	0.02
	167,882 Turkiye Sinai Kalkinma Bankasi	15	–
	199,957 Turkiye Vakiflar Bankasi	80	0.01
	228,337 Yapi Ve Kredi Bankasi	45	0.01
Technology – 0.01%			
	20,512 Aselsan Elektronik Sanayi	62	0.01
Total Turkey		2,937	0.41

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
United Kingdom – 0.21% (31/08/17 – 0.17%)			
Oil & Gas – 0.21%			
	62,604 TechnipFMC	1,478	0.21
Total United Kingdom		1,478	0.21
Total value of investments*			
		711,023	98.91
Net other assets			
		7,825	1.09
Total net assets			
		718,848	100.00

* Including investment liabilities.

- Suspended

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 AUGUST 2018

Significant Purchases

	Cost £'000
Nestlé (registered)	7,361
Total	5,967
Novartis (registered)	5,355
Roche – participating	4,845
Bayer	4,394
SAP	3,865
ASML Holding	3,856
Siemens	3,246
Banco Santander	3,161
Allianz	3,061
Subtotal	45,111
Total cost of purchases, including the above, for the year	239,283

Significant Sales

	Proceeds £'000
Nestlé (registered)	8,545
Novartis (registered)	7,539
Roche – participating	5,565
Total	3,952
Allianz	3,623
Bayer	3,506
Siemens	3,408
Banco Santander	3,407
Novo Nordisk 'B'	3,379
Daimler	3,320
Subtotal	46,244
Total proceeds from sales, including the above, for the year	238,923

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Income				
Net capital (losses)/gains	2		(12,165)	122,870
Revenue	3	20,433		18,210
Expenses	4	(1,549)		(1,389)
Interest payable and similar charges		(60)		(27)
Net revenue before taxation		18,824		16,794
Taxation	5	(3,148)		(1,179)
Net revenue after taxation			15,676	15,615
Total return before distributions			3,511	138,485
Distributions	6		(15,386)	(15,027)
Change in net assets attributable to shareholders from investment activities			(11,875)	123,458

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening net assets attributable to shareholders		732,233	549,641
Amounts receivable on creation of shares	219,733		210,101
Amounts payable on cancellation of shares	(237,756)		(167,657)
		(18,023)	42,444
Dilution levy charged		456	318
Change in net assets attributable to shareholders from investment activities		(11,875)	123,458
Retained distributions on accumulation shares		16,057	16,372
Closing net assets attributable to shareholders		718,848	732,233

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		711,118	724,131
Current assets:			
Debtors	7	1,625	2,457
Cash and bank balances	8	6,560	5,954
Total assets		719,303	732,542
LIABILITIES			
Investment liabilities		95	110
Creditors:			
Bank overdraft		92	–
Other creditors	9	268	199
Total liabilities		455	309
Net assets attributable to shareholders		718,848	732,233

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital (losses)/gains

	31 August 2018 £'000	31 August 2017 £'000
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(13,494)	121,053
Derivative securities	1,971	916
Currency (losses)/gains	(558)	1,018
Activity fees	(84)	(117)
Net capital (losses)/gains	(12,165)	122,870

3. Revenue

	31 August 2018 £'000	31 August 2017 £'000
UK dividends	37	10
Overseas dividends	19,989	17,522
Bank interest	3	1
Stock lending income	114	89
Stock dividends	290	588
Total revenue	20,433	18,210

4. Expenses

	31 August 2018 £'000	31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	1,247	1,109
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	60	56
Safe custody fees	116	102
	176	158
Other expenses:		
Registrar's fees	15	11
Audit fee	12	13
FTSE® licence fee	75	70
Service charges	21	22
Printing & stationery fee	2	3
Professional fee	–	1
Legal fee	1	2
	126	122
Total expenses	1,549	1,389

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	31 August 2017 £'000
Irrecoverable overseas tax	1,543	1,179
Swiss tax reclaims written off	1,605	–
Current tax charge for the year	3,148	1,179

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	18,823	16,794
Corporation tax at 20% (31/08/17: 20%)	3,765	3,359
Effects of:		
Revenue not subject to taxation	(4,042)	(3,606)
Current year expenses not utilised	280	250
Irrecoverable overseas tax	1,543	1,179
Swiss tax reclaims written off	1,605	–
Tax relief on overseas tax suffered	(3)	(3)
Current tax charge for the year	3,148	1,179

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £1,090,000 (31/08/17: £810,000) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018 £'000	31 August 2017 £'000
Accumulation shares		
Interim	513	1,209
Final	15,544	15,163
	16,057	16,372
Add: Amounts deducted on cancellation of shares	1,221	709
Deduct: Amounts received on the creation of shares	(1,892)	(2,054)
Net distributions for the year	15,386	15,027

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

Net revenue after taxation	15,676	15,615
Stock dividend charged to capital	(290)	(588)
Net distributions for the year	15,386	15,027

Details of the distribution per share are set out on page 236.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	31 August 2017 £'000
Amounts receivable on creation of shares	382	30
Accrued revenue	206	191
Withholding tax recoverable	1,037	2,236
Total debtors	1,625	2,457

8. Cash and bank balances

	31 August 2018 £'000	31 August 2017 £'000
Cash and bank balances	5,900	5,177
Amounts held at futures clearing houses and brokers	660	777
Total cash and bank balances	6,560	5,954

9. Other creditors

	31 August 2018 £'000	31 August 2017 £'000
Accrued expenses	251	182
Corporation tax payable	17	17
Total other creditors	268	199

10. Reconciliation of number of shares

	Class Z Accumulation
Opening shares at 01/09/17	463,090,386
Shares issued	141,183,919
Shares cancelled	(152,852,332)
Closing shares at 31/08/18	451,421,973

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due from/to Royal London Unit Trust Managers Limited in respect of these transactions was £271,000 (31/08/17: £83,000).

At the year end, 31 August 2018, 97.52% (31/08/17: 97.91%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £29,000 (Gross: £143,000) (31/08/17: £22,000 (Gross: £111,000)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £66,214,000 (31/08/17: £41,482,000).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	47,981	31,959
Bonds	24,596	11,717

The aggregate value of collateral held at the balance sheet date was £72,577,000 (31/08/17: £43,676,000). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, BNP Paribas Arbitrage, Credit Suisse Securities (Europe) Limited, Goldman Sachs, HSBC Bank, JP Morgan Securities, Morgan Stanley & Co International, Natixis, Skandinaviska Enskilda Banken and UBS.

14. Financial derivatives

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 220 to 226.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 229. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	50	139
Czech koruna	1,066	1,000
Danish krone	26,276	28,805
Euro	499,254	499,609
Hungarian forint	1,732	2,106
Norwegian krone	11,091	10,292
Polish zloty	7,282	7,544
Swedish krona	41,704	45,712
Swiss franc	127,388	130,296
Turkish lira	2,955	6,581
US dollar	50	149
Total	718,848	732,233

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Fund would have decreased by £71,880,000 (31/08/17: £73,209,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £71,880,000 (31/08/17: £73,209,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £71,102,000 (31/08/17: £72,402,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £71,102,000 (31/08/17: £72,402,000). These calculations assume all other variables remain constant.

The only interest bearing asset are cash balance of £5,808,000 (31/08/17: £5,177,000) which earn interest by reference to LIBOR or international equivalent.

16. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	238,214	17	0.01	180	0.08	–	–	238,411
Corporate actions	872	–	–	–	–	–	–	872
Total	239,086	17		180		–		239,283

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	236,615	17	0.01	–	–	–	–	236,598
Corporate actions	2,325	–	–	–	–	–	–	2,325
Total	238,940	17		–		–		238,923

The Fund had paid £20,000 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.02%
Other expenses	0.00%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	223,093	29	0.01	156	0.07	–	–	223,278
Corporate actions	4,149	–	–	–	–	–	–	4,149
Total	227,242	29		156		–		227,427

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	171,465	16	0.01	–	–	–	–	171,449
Corporate actions	436	–	–	–	–	–	–	436
Total	171,901	16		–		–		171,885

The Fund had paid £5,000 as commission on purchases and sales derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.02%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.07% (31/08/17: 0.08%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	711,059	–	–	711,059
Derivatives	59	–	–	59
Total	711,118	–	–	711,118
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(95)	–	–	(95)
Total	(95)	–	–	(95)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	724,117	–	–	724,117
Derivatives	14	–	–	14
Total	724,131	–	–	724,131
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(110)	–	–	(110)
Total	(110)	–	–	(110)

DISTRIBUTION TABLES

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18	Distribution paid 30/04/17
Class Z Accumulation				
Group 1	0.1321	–	0.1321	0.2957
Group 2	0.0649	0.0672	0.1321	0.2957

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class Z Accumulation				
Group 1	3.4434	–	3.4434	3.2743
Group 2	1.5651	1.8783	3.4434	3.2743

MANAGER'S INVESTMENT REPORT

Fund Performance

12 months to 31 August 2018

	1 year return %	3 year return %	5 year return %
Royal London Emerging Markets Equity Tracker Fund, Class R Accumulation (Total return)	-0.47	–	–
MSCI EM (Emerging Markets) ESG Index (Capital return)	-2.14	–	–

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 August 2018. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. Please also note, the total return shown in the table is being compared against the official end of day price of the benchmark. The tracking error shown in the performance overview below is calculated using the unofficial end of day fund price to align with the official end of day benchmark price.

Performance Overview

Investors should note that the Fund price is taken at noon each day, whilst the index performance is recorded at the close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons. This, along with the impact of income and the charges associated with the Fund, accounts for the majority of the difference between the performance of the Fund and the MSCI EM (Emerging Markets) ESG Price Index.

The tracking error between the Fund and the MSCI EM (Emerging Markets) ESG Price Index was 0.75% during the past 12 months. This was below the anticipated tracking error of 1.00% to 1.50%. We will always experience a small tracking difference between Fund and index for reasons including exchange rate risk on some dividends, trading costs, optimisation and the use of index futures to manage cashflows.

Market and portfolio commentary

The Fund aims to achieve the capital return of the MSCI EM (Emerging Markets) ESG Price Index. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Symon Bradford
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLE

Class R Accumulation

	31/08/18 (p)	31/08/17** (p)
Change in net assets per share		
Opening net asset value per share	105.85	100.00
Return before operating charges*	(0.15)	5.88
Operating charges	(0.07)	(0.03)
Return after operating charges*	(0.22)	5.85
Distributions on accumulation shares	(2.31)	(1.04)
Retained distributions on accumulation shares	2.31	1.04
Closing net asset value per share	105.63	105.85
* after direct transaction costs of:	0.07	0.15
Performance		
Return after charges	(0.21)%	5.85%
Other information		
Closing net asset value (£'000)	989,910	687,994
Closing number of shares	937,172,500	649,992,923
Operating charges	0.07%	0.13%
Direct transaction costs	0.07%	0.15%
Prices[^]		
Highest share price	116.60	106.30
Lowest share price	99.91	97.26

** The Fund launched on 12 June 2017.

COMPARATIVE TABLE (CONTINUED)

Class Z Accumulation

	31/08/18*** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(4.09)
Operating charges	(0.15)
Return after operating charges*	(4.24)
Distributions on accumulation shares	(1.36)
Retained distributions on accumulation shares	1.36
Closing net asset value per share	95.76
* after direct transaction costs of:	0.06
Performance	
Return after charges	(4.24)%
Other information	
Closing net asset value (£'000)	958
Closing number of shares	1,000,000
Operating charges	0.32%
Direct transaction costs	0.07%
Prices^	
Highest share price	103.80
Lowest share price	92.55

*** The share class launched 5 March 2018 so there are no comparatives for 31 August 2017.

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

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

Royal London Emerging Markets Equity Tracker Fund

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 96.93% (31/08/17 – 96.82%)			
Bermuda – 0.44% (31/08/17 – 0.55%)			
Consumer Goods – 0.22%			
1,514,000	Brilliance China Automotive Holdings	1,843	0.19
10,280,000	HengTen Networks Group	327	0.03
Consumer Services – 0.10%			
7,080,000	Alibaba Pictures Group	652	0.06
4,826,000	Gome Retail Holdings	360	0.04
Utilities – 0.12%			
2,810,000	Beijing Enterprises Water Group	1,173	0.12
Total Bermuda		4,355	0.44
Brazil – 5.17% (31/08/17 – 7.48%)			
Basic Materials – 0.33%			
126,100	Fibria Celulose	1,863	0.19
19,500	Gerdau	58	–
325,700	Klabin	1,299	0.13
9,600	Suzano Papel	85	0.01
Consumer Goods – 0.23%			
255,700	BRF	961	0.10
76,100	Cosan Industries	495	0.05
1,300	Hypermarcas	7	–
45,500	M. Dias Branco	359	0.04
82,400	Natura Cosmeticos	446	0.04
Consumer Services – 0.53%			
70,300	Companhia Brasileira de Distribuicao	1,069	0.10
719,300	Kroton Educational	1,373	0.14
242,000	Localiza Rent	973	0.10
357,000	Lojas Renner	1,885	0.19
Financials – 3.35%			
189,400	Atacadao Distribuicao Comercio e Industria	514	0.05
1,039,500	B3 Brasil Bolsa Balcao	4,224	0.43
1,699,640	Banco Bradesco	9,004	0.91
394,300	BR Malls	672	0.07
630,700	Cielo	1,778	0.18
1,626,200	Itau Unibanco Banco Preference	12,836	1.29
2,084,720	Itausa Investimentos	3,729	0.38
115,200	Multiplan	401	0.04
Healthcare – 0.03%			
120,400	OdontoPrev	295	0.03
Industrials – 0.14%			
10,500	Embraer	38	–
386,230	Weg	1,370	0.14
Telecommunications – 0.27%			
227,500	Telefonica Brasil	1,700	0.17
406,000	Tim	931	0.10
Utilities – 0.29%			
403,200	Companhia Energetica	562	0.06
29,200	CPFL Energia	120	0.01
117,600	Energias Do Brasil	294	0.03
71,600	Engie Brasil	490	0.05
183,900	Ultrapar	1,413	0.14
Total Brazil		51,244	5.17

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Cayman Islands – 12.97% (31/08/17 – 10.66%)			
Basic Materials – 0.06%			
788,000	Lee & Man Paper	580	0.06
Consumer Goods – 1.07%			
545,000	Anta Sports	2,281	0.23
2,510,000	Geely Automobile	4,104	0.41
384,000	Shenzhou International	3,873	0.39
204,000	Zhongsheng Group	344	0.04
Consumer Services – 1.21%			
214,200	Ctrip ADR	6,452	0.65
71,800	New Oriental Education and Technology Group ADR	4,341	0.44
218,600	Vipshop Holdings	1,172	0.12
Financials – 0.17%			
608,940	Chailease	1,594	0.16
350,500	Shui On Land	64	0.01
Healthcare – 0.16%			
505,000	3SBio	740	0.07
687,000	China Medical System	873	0.09
Industrials – 0.42%			
365,500	AAC Technologies	3,117	0.31
3,555,000	Fullshare Holdings	1,091	0.11
Oil & Gas – 0.25%			
800,000	China Conch Venture	2,113	0.21
6,673,000	GCL Poly Energy	340	0.04
Technology – 9.63%			
2,863,700	Tencent Holdings	95,385	9.63
Total Cayman Islands		128,464	12.97
Chile – 1.26% (31/08/17 – 1.32%)			
Basic Materials – 0.35%			
621,112	Empresas CMPC	1,875	0.19
47,662	Sociedad Quimica Y Minera	1,595	0.16
Consumer Goods – 0.04%			
147,266	Embotelladora Andina	428	0.04
Consumer Services – 0.34%			
150,547	Latam Airlines	1,092	0.11
374,090	S.A.C.I Falabella	2,273	0.23
Oil & Gas – 0.26%			
218,862	Empresas Copec	2,557	0.26
Telecommunications – 0.05%			
76,305	Empresa Nacional de Telecomunicaciones	479	0.05
Utilities – 0.22%			
1,316,187	Aguas Andinas	540	0.05
14,637,252	Enel Americas	1,682	0.17
Total Chile		12,521	1.26
China – 6.25% (31/08/17 – 7.01%)			
Basic Materials – 0.35%			
1,809,000	China Molybdenum	569	0.06
1,705,000	China Shenhua Energy	2,921	0.29
Consumer Goods – 0.40%			
322,000	BYD	1,471	0.15
1,424,000	Dongfeng Motor Group	1,223	0.13
1,467,200	Guangzhou Automobile	1,224	0.12

Royal London Emerging Markets Equity Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
China – 6.25% (31/08/17 – 7.01%) – continued			
Consumer Services – 0.12%			
852,000	Air China	613	0.06
256,000	China Eastern Airlines	125	0.01
902,000	China Southern Airline	459	0.05
Financials – 4.54%			
4,332,000	China Citic Bank	2,076	0.21
48,842,000	China Construction Bank	33,226	3.35
1,129,000	China Everbright Bank	363	0.04
1,958,500	China Merchants Bank	5,769	0.58
3,282,000	China Minsheng Banking	1,808	0.18
583,000	China Vanke	1,552	0.16
27,000	Ping An Insurance	200	0.02
Healthcare – 0.47%			
1,004,000	Shandong Weigao Group Medical	728	0.07
239,500	Shanghai Fosun Pharmaceutical	743	0.07
451,200	Shanghai Pharmaceuticals	898	0.09
612,000	Sinopharm Group	2,337	0.24
Industrials – 0.20%			
432,000	BBMG	123	0.01
1,998,000	CRRC Corporation	1,273	0.13
505,000	Sinotrans	162	0.02
648,000	Zhejiang Expressway	395	0.04
Oil & Gas – 0.17%			
1,470,000	China Longyuan Power	950	0.10
2,266,000	Huaneng Renewables	558	0.06
160,000	Xinjiang Goldwind SC&T	131	0.01
Total China		61,897	6.25

Colombia – 0.13% (31/08/17 – 0.17%)

Industrials – 0.07%			
204,755	Cementos Argos	457	0.05
34,743	Inversiones Argos	167	0.02
Utilities – 0.06%			
180,206	Interconexion Electrica	614	0.06
Total Colombia		1,238	0.13

Czech Republic – 0.31% (31/08/17 – 0.27%)

Financials – 0.14%			
41,998	Komerční Banka	1,352	0.14
Telecommunications – 0.00%			
2,294	O2 Czech Republic	21	–
Utilities – 0.17%			
85,785	Cez	1,686	0.17
Total Czech Republic		3,059	0.31

Egypt – 0.20% (31/08/17 – 0.19%)

Financials – 0.20%			
537,783	Commercial International Bank	1,996	0.20
Total Egypt		1,996	0.20

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Greece – 0.17% (31/08/17 – 0.16%)			
Industrials – 0.04%			
23,423	Titan Cement	415	0.04
Telecommunications – 0.13%			
124,345	OTE-Hellenic Telecommunications	1,223	0.13
Total Greece		1,638	0.17

Hong Kong – 1.70% (31/08/17 – 3.32%)

Consumer Goods – 0.43%			
1,349,000	China Mengniu Dairy	2,995	0.30
636,000	Haier Electronics Group	1,272	0.13
Financials – 0.08%			
254,000	China Everbright	341	0.04
462,000	Shenzhen Investment	116	0.01
984,500	SOHO China	303	0.03
Healthcare – 0.86%			
486,000	China Resources Pharmaceutical Group	597	0.06
2,372,000	CSPC Pharmaceutical	4,604	0.47
3,372,000	Sino Biopharmaceutical	3,282	0.33
Industrials – 0.11%			
1,245,000	China Everbright International	805	0.08
461,111	China Everbright International Rights	29	–
166,000	Shanghai Industrial Holdings	304	0.03
Technology – 0.21%			
285,000	BYD Electronics	229	0.02
3,678,000	Lenovo Group	1,842	0.19
Telecommunications – 0.01%			
14,500	China Mobile Hong Kong	105	0.01
Utilities – 0.00%			
224,000	China Power International Development	37	–
Total Hong Kong		16,861	1.70

Hungary – 0.49% (31/08/17 – 0.54%)

Financials – 0.34%			
118,305	OTP Bank	3,345	0.34
Oil & Gas – 0.15%			
197,059	MOL Hungarian Oil & Gas	1,553	0.15
Total Hungary		4,898	0.49

India – 10.44% (31/08/17 – 10.68%)

Basic Materials – 0.30%			
554,064	Hindalco Industries	1,430	0.14
20,151	Tata Steel	131	0.01
184,260	UPL	1,430	0.15
Consumer Goods – 1.46%			
14,946	Bajaj Auto	445	0.05
3,460	Bosch	825	0.08
8,539	Britannia Industries	624	0.06
270,852	Dabur India	1,407	0.14
7,981	Godrej	126	0.01
24,362	Hero MotoCORP	860	0.09
328,937	Hindustan Unilever	6,352	0.64
221,412	Marico	887	0.09
11,337	Nestle India	1,424	0.15
156,309	Titan Industries	1,512	0.15

Royal London Emerging Markets Equity Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

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Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
India – 10.44% (31/08/17 – 10.68%) – continued			
Consumer Services – 0.10%			
174,136	Zee Entertainment Enterprises	944	0.10
Financials – 3.21%			
913,256	Axis Bank	6,432	0.65
800,604	Housing Development Finance Corporation	16,813	1.70
1,210,303	ICICI Bank	4,498	0.45
282,408	IDFC Bank	146	0.01
128,734	Mahindra & Mahindra Financial Services	683	0.07
865,263	YES Bank	3,224	0.33
Healthcare – 0.39%			
1,717	Apollo Hospitals	22	–
131,664	Aurobindo Pharma	1,018	0.10
2,701	Dr Reddys Laboratories	73	0.01
67,849	Glenmark Pharmaceuticals	490	0.05
88,202	Lupin	891	0.09
39,655	Piramal Healthcare	1,376	0.14
Industrials – 1.13%			
11,414	ACC	203	0.02
597,190	Ashok Leyland	836	0.08
148,562	Asian Paints	2,212	0.22
106,272	Bharat Forge	783	0.08
6,108	Eicher Motors	1,859	0.19
15,405	Havells India	121	0.01
377,249	Mahindra & Mahindra	3,950	0.40
3,378	Shree Cement	694	0.07
40,113	Siemens	444	0.05
2,584	Tata Motors	8	–
35,695	Tata Motors 'A'	55	0.01
Oil & Gas – 0.25%			
387,463	Bharat Petroleum	1,522	0.15
311,688	Hindustan Petroleum	858	0.09
6,371	Reliance Industries	86	0.01
Technology – 3.20%			
286,072	HCL Technologies	3,247	0.33
890,368	Infosys	13,919	1.40
468,884	Tata Consultancy Services	10,571	1.07
246,554	Tech Mahindra	2,048	0.21
595,758	Wipro	1,947	0.19
Telecommunications – 0.40%			
710,219	Bharti Airtel	2,957	0.30
199,970	Bharti Infratel	622	0.06
791,071	Idea Cellular	423	0.04
Total India		103,428	10.44

Indonesia – 3.42% (31/08/17 – 3.72%)

Basic Materials – 0.07%			
7,041,300	Adaro Energy	686	0.07
Consumer Goods – 0.73%			
10,507,800	Astra International	3,979	0.40
1,249,100	Indofood CBP Sukses Makmur	564	0.06
2,415,500	Indofood Sukses Makmur	801	0.08
806,600	Unilever Indonesia	1,845	0.19
Consumer Services – 0.08%			
1,306,100	Matahari Department	512	0.05
498,600	Media Nusantara Citra	23	–
3,032,600	Surya Citra Media	331	0.03

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Indonesia – 3.42% (31/08/17 – 3.72%) – continued			
Financials – 1.71%			
5,121,700	Bank Central Asia	6,634	0.67
641,200	Bank Danamon	228	0.02
9,638,300	Bank Mandiri	3,448	0.35
3,836,200	Bank Negara Indonesia	1,558	0.16
28,509,400	Bank Rakyat Indonesia	4,720	0.48
6,860,700	PT. Pakuwon Jati	185	0.02
3,562,400	PT. Lippo Karawaci	65	0.01
Healthcare – 0.07%			
10,126,100	Kalbe Farma	706	0.07
Industrials – 0.19%			
1,402,700	Jasa Marga	332	0.03
860,400	United Tractor	1,541	0.16
Telecommunications – 0.51%			
26,642,500	Telekomunikasi Indonesia	4,857	0.49
1,367,100	XL Axiata	219	0.02
Utilities – 0.06%			
5,464,200	Perusahaan Gas Negara	608	0.06
Total Indonesia		33,842	3.42

Isle of Man – 0.14% (31/08/17 – 0.18%)

Financials – 0.14%			
194,666	Nepi Rockcastle	1,430	0.14
Total Isle of Man		1,430	0.14

Malaysia – 3.44% (31/08/17 – 2.83%)

Basic Materials – 0.08%			
115,600	Hap Seng Consolidated Berhad	212	0.02
620,300	Press Metal Berhad	574	0.06
Consumer Goods – 0.18%			
191,600	Kuala Lumpur Kepong	885	0.09
268,920	PPB Group Berhad	845	0.09
Consumer Services – 0.02%			
504,300	Astro Malaysia Holdings	164	0.02
Financials – 1.57%			
987,300	AMMB Holdings	756	0.08
2,381,163	CIMB Group	2,715	0.27
113,400	Hong Leong Bank	436	0.04
240,600	IOI Properties	79	0.01
2,206,656	Malayan Banking	4,115	0.42
1,565,800	Public Bank	7,364	0.74
111,000	RHB Capital Berhad	112	0.01
Healthcare – 0.30%			
713,000	Hartalega	945	0.10
1,286,000	IHH Healthcare	1,336	0.13
331,500	Top Glove	691	0.07
Industrials – 0.19%			
467,700	Malaysia Airports	819	0.08
735,700	Misc Berhad	817	0.08
553,700	Sime Darby Berhad	264	0.03
Oil & Gas – 0.11%			
565,700	Dialog Group	368	0.04
137,300	Petronas Dagangan	698	0.07
932,100	Sapurakencana Petroleum	59	–

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Malaysia – 3.44% (31/08/17 – 2.83%) – continued			
Telecommunications – 0.45%			
1,374,192	Axiata	1,232	0.12
1,714,000	Digi Com	1,511	0.15
1,179,000	Maxis	1,274	0.13
746,800	Telekom Malaysia	463	0.05
Utilities – 0.54%			
1,780,500	Tenaga Nasional	5,227	0.53
436,498	YTL Corporation	108	0.01
Total Malaysia		34,069	3.44
Mexico – 2.29% (31/08/17 – 2.56%)			
Basic Materials – 0.09%			
66,925	Industrias Peñoles	872	0.09
Consumer Goods – 1.29%			
229,400	Arca Continental	1,090	0.11
817,100	Bimbo 'A'	1,307	0.13
254,200	Coca-Cola Femsa 'L'	1,178	0.12
974,500	Fomento Economico Mexicano	7,174	0.72
103,135	Gruma 'B'	1,000	0.10
804,100	Kimberly-Clark de México	1,086	0.11
Consumer Services – 0.08%			
132,400	Alsea	362	0.04
73,300	El Puerto de Liverpool	395	0.04
Financials – 0.01%			
183,200	Genera	143	0.01
Industrials – 0.72%			
1,559,400	Alfa 'A'	1,578	0.16
7,287,500	Cemex	3,962	0.40
107,945	Grupo Aeroportuario del Sureste 'B'	1,551	0.16
Utilities – 0.10%			
274,600	Infraestructura Energetic	985	0.10
Total Mexico		22,683	2.29
Philippines – 1.42% (31/08/17 – 1.33%)			
Consumer Goods – 0.05%			
598,260	JG Summit Holdings	516	0.05
Consumer Services – 0.27%			
197,690	Jollibee Foods	817	0.08
133,370	SM Investments	1,852	0.19
Financials – 0.85%			
3,915,400	Ayala Land	2,510	0.25
555,460	Bank of the Philippine Islands	749	0.08
1,045,920	BDO Unibank	1,957	0.20
427,853	Metropolitan Bank & Trust	451	0.04
5,017,200	SM Prime Holdings	2,805	0.28
Industrials – 0.03%			
413,410	Aboitiz Equity Ventures	317	0.03
Telecommunications – 0.11%			
18,555	Globe Telecom	561	0.06
24,350	PLDT	488	0.05
Utilities – 0.11%			
421,500	Aboitiz Power	223	0.02
2,874,700	Energy Development	291	0.03
7,176,800	Metro Pacific	562	0.06
Total Philippines		14,099	1.42

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Poland – 1.43% (31/08/17 – 1.52%)			
Basic Materials – 0.13%			
68,824	KGHM	1,306	0.13
Consumer Services – 0.00%			
4,830	Eurocash	20	–
Financials – 0.71%			
84,459	Bank Pekao	2,063	0.21
17,766	Bank Zachodni	1,391	0.14
7,815	mBank	669	0.07
314,236	PZU	2,930	0.29
Oil & Gas – 0.44%			
11,018	Grupa Lotos	161	0.02
881,922	Polish Oil & Gas	1,069	0.11
151,782	Polski Koncern Naftowy Orlen	3,117	0.31
Technology – 0.15%			
34,367	CD Projekt	1,480	0.15
Total Poland		14,206	1.43
Russia – 1.91% (31/08/17 – 1.44%)			
Basic Materials – 0.06%			
10,960	Novolipetsk Steel	21	–
55,671	PhosAgra	568	0.06
Oil & Gas – 1.75%			
213,824	Lukoil	11,425	1.15
45,815	Novatek	5,887	0.60
Utilities – 0.10%			
14,559,000	Inter Rao	665	0.07
48,398,000	RusHydro	350	0.03
Total Russia		18,916	1.91
South Africa – 10.88% (31/08/17 – 9.99%)			
Basic Materials – 0.50%			
26,282	Anglo American Platinum	592	0.06
124,954	Exxaro Resources	977	0.10
32,608	Kumba Iron Ore	454	0.05
68,075	Mondi	1,466	0.15
267,660	Sappi	1,411	0.14
Consumer Goods – 0.04%			
62,159	Pioneer Foods	343	0.03
3,548	Tiger Brands	53	0.01
Consumer Services – 4.88%			
80,000	Bid Corporation	1,317	0.13
114,347	Clicks Group	1,215	0.12
107,065	Foschini Group	980	0.10
127,976	Mr. Price Group	1,514	0.15
220,223	Naspers	37,767	3.81
55,851	Novus Holdings	14	–
182,901	Pick N Pay Stores	696	0.07
226,025	Shoprite	2,419	0.25
94,914	Spar	1,021	0.10
503,861	Woolworths	1,434	0.15
Financials – 2.95%			
364,720	Absa Group	3,113	0.32
101,308	Coronation Fund Managers	306	0.03
1,691,991	FirstRand	6,273	0.63
391,328	Fortress Income Fund 'A'	335	0.03
48,083	Fortress Income Fund 'B'	40	–

Royal London Emerging Markets Equity Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
South Africa – 10.88% (31/08/17 – 9.99%) – continued			
Financials – 2.95% – continued			
1,547,343	Growthpoint Properties	2,065	0.21
132,576	Hyprop Investments	710	0.07
157,696	Investec	794	0.08
64,398	Liberty	394	0.04
116,403	Nedbank Group	1,698	0.17
2,866,475	Redefine Properties	1,553	0.16
133,048	Resilient Properties	398	0.04
359,947	RMB Holdings	1,586	0.16
865,371	Sanlam	3,605	0.36
655,125	Standard Bank	6,394	0.65
Healthcare – 0.45%			
196,875	Aspen Pharmacare	3,013	0.31
310,000	Life Healthcare	434	0.04
633,952	Netcare	977	0.10
Industrials – 0.58%			
169,313	Bidvest Group	1,920	0.19
70,603	Imperial Holdings	764	0.08
274,402	Remgro	3,082	0.31
Oil & Gas – 0.86%			
282,707	Sasol	8,551	0.86
Telecommunications – 0.62%			
872,997	MTN Group	4,080	0.41
315,777	Vodacom Group	2,096	0.21
Total South Africa		107,854	10.88
South Korea – 11.71% (31/08/17 – 12.54%)			
Basic Materials – 0.98%			
54,867	Hanwha Chemical	768	0.08
879	Hyosung Chemical Corporation	114	0.01
22,968	LG Chemical	5,802	0.59
3,925	LG Chemical Preference	543	0.05
8,274	Lotte Chemical Corporation	1,807	0.18
8,108	OCI	644	0.07
Consumer Goods – 1.69%			
15,713	AmorePacific	1,046	0.11
16,425	AmorePacific Corporation	2,980	0.30
1,188	AmorePacific Corporation Preference	118	0.01
4,262	CJ Cheiljedang	1,003	0.10
7,726	CJ Corporation	705	0.07
25,042	Coway	1,582	0.16
37,561	Hankook Tire	1,211	0.12
94,877	Hanon Systems	784	0.08
646	Hanssem	37	–
1,192	Hyosung TNC	155	0.02
616	Hyundai Wia Corporation	18	–
52,923	LG Electronics	2,809	0.28
4,676	LG Household & Healthcare	4,088	0.41
147	LG Household & Healthcare Preference	75	0.01
616	Lotte Confectionery	69	0.01
1,953	Lotte Holdings	65	0.01
Consumer Services – 0.17%			
16,182	Hotel Shilla	1,208	0.12
19,671	Korean Airlines	381	0.04
636	Lotte Shopping	79	0.01

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
South Korea – 11.71% (31/08/17 – 12.54%) – continued			
Financials – 2.55%			
132,408	BNK Financial	763	0.08
89,462	DGB Financial	631	0.06
152,725	Hana Financial Holdings	4,507	0.45
29,729	Hyundai Marine & Fire Insurance	764	0.08
126,672	Indus Bank of Korea	1,300	0.13
203,648	KB Financial	7,277	0.73
14,446	Samsung Card	352	0.04
15,614	Samsung Fire & Marine Insurance	2,854	0.29
1,628	Samsung Life Insurance	104	0.01
217,962	Shinhan Financial	6,553	0.66
17,097	Woori Bank	192	0.02
Healthcare – 0.18%			
3,067	Hanmi Pharmaceutical	1,055	0.11
4,383	Yuhan Corporation	723	0.07
Industrials – 1.98%			
12,945	Daelim Industrial	732	0.07
5,877	Daewoo Engineering & Construction	21	–
22,877	GS Engineering & Construction	757	0.08
12,076	HDC Group	204	0.02
16,873	HDC Hyundai Development	652	0.07
3,802	Hyosung	120	0.01
1,234	Hyosung Advanced Materials	135	0.01
2,570	Hyosung Heavy Industries	105	0.01
18,441	Hyundai Heavy Industries	1,504	0.15
37,906	Hyundia Engineering & Construction	1,569	0.16
47,243	LG Corporation	2,331	0.24
6,658	LG Innotek	660	0.07
38,464	Samsung C&T Corporation	3,257	0.33
27,620	Samsung Electro-Mechanics	3,064	0.31
27,510	Samsung SDI	4,487	0.45
12,200	SK Networks	38	–
Oil & Gas – 0.73%			
20,523	Doosan Heavy Industries & Construction	201	0.02
24,585	GS Holdings	902	0.09
32,215	SK Innovation	4,286	0.43
22,488	S-Oil Corporation	1,850	0.19
Technology – 3.20%			
115,430	LG Display	1,691	0.17
14,143	Naver Corporation	7,341	0.74
17,628	Samsung SDS	2,949	0.30
16,577	SK Holdings	3,008	0.30
292,297	SK Hynix	16,748	1.69
Telecommunications – 0.18%			
9,992	SK Telecom	1,803	0.18
Utilities – 0.05%			
13,426	Korea Gas Corporation	488	0.05
Total South Korea		116,069	11.71
Taiwan – 16.50% (31/08/17 – 14.32%)			
Basic Materials – 0.92%			
6,224,000	China Steel	3,913	0.39
2,478,000	Nan Ya Plastics	5,282	0.53
Consumer Goods – 0.88%			
89,640	Eclat Textile	838	0.08
1,703,000	Far Eastern New Century	1,525	0.15
134,000	Feng Tay Enterprises	624	0.06
106,000	Formosa Taffeta	95	0.01

Royal London Emerging Markets Equity Tracker Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Taiwan – 16.50% (31/08/17 – 14.32%) – continued			
Consumer Goods – 0.88% – continued			
14,000	Merida Industry	52	0.01
242,240	Standard Foods	316	0.03
841,000	Teco Electric & Machinery	471	0.05
2,501,000	Uni-President Enterprises	4,849	0.49
Consumer Services – 0.38%			
1,025,000	China Airlines	242	0.02
863,350	Eva Airways	336	0.03
51,000	Hotai Motor Company	340	0.03
74,000	Nien Made Enterprise	440	0.04
307,000	President Chain Store	2,565	0.26
Financials – 2.00%			
1,594,800	Chang Hwa Commercial Bank	761	0.08
8,915,000	CTBC Financial	4,801	0.49
5,128,544	E.Sun Financial	2,897	0.29
1,314,010	First Financial	675	0.07
3,378,000	Fubon Financial	4,298	0.43
486,000	Ruentex Development	421	0.04
1,007,000	Shin Kong Financial	305	0.03
1,887,000	SinoPac	529	0.05
5,266,394	Taishin Financial	1,906	0.19
2,358,440	Taiwan Business Bank	656	0.07
3,045,617	Taiwan Cooperative Financials	1,388	0.14
3,046,000	Yuanta Financial	1,183	0.12
Industrials – 0.73%			
322,000	Catcher Technology	3,033	0.31
1,009,000	Delta Electronic Industry	3,096	0.31
912,089	Evergreen Marine Corporation	297	0.03
108,618	Hiwin Technologies	754	0.08
Technology – 10.61%			
1,385,000	Acer	890	0.09
179,998	Advantech	940	0.09
1,654,000	ASE Industrial Holding	3,116	0.31
357,000	Asustek Computer	2,334	0.24
4,214,000	AU Optronics	1,399	0.14
313,901	Chicony Electronics	508	0.05
2,166,000	Compal Electronics	1,042	0.11
4,476,000	Innolux	1,278	0.13
1,286,000	Inventec	886	0.09
1,095,000	Lite-On Technology	1,013	0.10
918,005	Macronix International	759	0.08
759,000	MediaTek	4,772	0.48
320,000	Micro-Star International	850	0.09
1,395,000	Quanta Computer	1,842	0.19
12,383,000	Taiwan Semiconductor Manufacturing	79,251	8.00
6,124,000	United Microelectronics	2,654	0.27
420,000	Vanguard International Semiconductor	784	0.08
1,297,194	Wistron	703	0.07
Telecommunications – 0.98%			
698,000	Asia Pacific Telecom	126	0.01
2,039,000	Chunghwa Telecom	5,516	0.56
842,000	Far EasTone Telecommunications	1,540	0.16
906,000	Taiwan Mobile	2,428	0.25
Total Taiwan		163,519	16.50

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Thailand – 3.43% (31/08/17 – 3.09%)			
Basic Materials – 0.36%			
1,110,900	Banpu	527	0.05
5,194,600	IRPC	843	0.08
1,172,000	PTT Global Chemical	2,245	0.23
Consumer Services – 0.66%			
311,100	BEC World	56	0.01
2,650,300	CP All	4,205	0.42
1,951,500	Home Product Center	665	0.07
1,226,400	Minor International	1,132	0.11
327,600	Robinson Department Store	501	0.05
Financials – 1.02%			
682,600	Central Pattana	1,320	0.13
919,100	Kasikornbank	4,559	0.46
1,654,400	Krung Thai Bank	751	0.08
906,700	Siam Commercial Bank (foreign)	3,144	0.32
6,189,500	TMB Bank	320	0.03
Healthcare – 0.20%			
1,925,900	Bangkok Dusit Medical Services (foreign)	1,188	0.12
181,000	Bumrungrad Hospital (foreign)	770	0.08
Industrials – 0.71%			
2,222,400	Airports of Thailand	3,474	0.35
57,700	Berli Jucker	78	0.01
3,208,500	BTS	694	0.07
356,500	BTS Warrants	0	–
223,500	Delta Electronics	365	0.04
61,100	Kce Electronics	65	0.01
216,500	Siam Cement	2,290	0.23
Oil & Gas – 0.12%			
73,400	Energy Absolute	67	0.01
571,800	Thai Oil	1,126	0.11
Telecommunications – 0.25%			
523,400	Advanced Info Service	2,473	0.25
Utilities – 0.11%			
78,500	Electricity Generating	417	0.04
306,600	Glow Energy	676	0.07
Total Thailand		33,951	3.43
Turkey – 0.20% (31/08/17 – 0.40%)			
Consumer Goods – 0.05%			
138,735	Arcelik	214	0.02
41,261	Coca-Cola Icecek	137	0.02
78,545	Ulker Biskuvi Sanayi	135	0.01
Financials – 0.06%			
362,818	KOC	631	0.06
Oil & Gas – 0.09%			
65,143	Tupras-Turkiye Petrol Rafine	893	0.09
Total Turkey		2,010	0.20

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
United Arab Emirates – 0.63% (31/08/17 – 0.55%)			
Financials – 0.48%			
964,123	Abu Dhabi Commercial Bank	1,430	0.14
947,937	Dubai Islamic Bank	1,015	0.10
753,180	National Bank of Abu Dhabi	2,335	0.24
Industrials – 0.15%			
87,250	DP World	1,437	0.15
Total United Arab Emirates		6,217	0.63
United States – (0.15)% (31/08/17 – 0.18%)			
Futures – (0.15)%			
589	NYF Mini MSCI Emerging Market Future September 2018	(1,498)	(0.15)
Total United States		(1,498)	(0.15)
Total value of investments		958,966	96.78
Net other assets		31,902	3.22
Total net assets		990,868	100.00

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 AUGUST 2018

Significant Purchases

	Cost £'000
Tencent Holdings	42,011
Taiwan Semiconductor Manufacturing	28,264
Naspers	16,325
China Construction Bank	16,206
China Mobile Hong Kong	7,867
Ctrip ADR	7,430
Sasol	7,389
Housing Development Finance Corporation	6,554
Itau Unibanco Banco Preference	6,371
SK Hynix	6,237
Subtotal	144,654
Total cost of purchases, including the above, for the year	443,850

Significant Sales

	Proceeds £'000
China Mobile Hong Kong	21,013
Ping An Insurance	19,257
Reliance Industries	15,032
Tencent Holdings	8,338
Hyundai Mobis	5,275
Taiwan Semiconductor Manufacturing	4,997
Naspers	3,371
Tata Motors	2,569
Woori Bank	2,428
Samsung Life Insurance	2,407
Subtotal	84,687
Total proceeds from sales, including the above, for the year	128,510

FINANCIAL STATEMENTS

Statement of Total Return

for the year ended 31 August 2018

	Note	£'000	Year ended 31 August 2018 £'000	£'000	Period from 12 June 2017 to 31 August 2017* £'000
Income					
Net capital (losses)/gains	2		(22,425)		31,042
Revenue	3	25,148		4,700	
Expenses	4	(616)		(88)	
Interest payable and similar charges		(78)		(9)	
Net revenue before taxation		24,454		4,603	
Taxation	5	(2,843)		(651)	
Net revenue after taxation			21,611		3,952
Total (deficit)/return before distributions			(814)		34,994
Distributions	6		(21,456)		(3,867)
Change in net assets attributable to shareholders from investment activities			(22,270)		31,127

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 August 2018

	£'000	Year ended 31 August 2018 £'000	£'000	Period from 12 June 2017 to 31 August 2017* £'000
Opening net assets attributable to shareholders		687,994		–
Amounts receivable on creation of shares	412,678		650,119	
Amounts payable on cancellation of shares	(109,945)		–	
		302,733		650,119
Dilution levy charged		742		–
Change in net assets attributable to shareholders from investment activities		(22,270)		31,127
Retained distribution on accumulation shares		21,669		6,748
Closing net assets attributable to shareholders		990,868		687,994

* The Fund launched on 12 June 2017.

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
ASSETS			
Investments		960,464	667,375
Current assets:			
Debtors	7	1,377	1,516
Cash and bank balances	8	30,809	19,203
Total assets		992,650	688,094
LIABILITIES			
Investment liabilities		1,498	–
Creditors:			
Other creditors	9	284	100
Total liabilities		1,782	100
Net assets attributable to shareholders		990,868	687,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital (losses)/gains

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(20,832)	30,316
Derivative securities	(2,482)	1,258
Currency gains/(losses)	927	(479)
Activity fees	(38)	(40)
Forward currency contracts	–	(13)
Net capital (losses)/gains	(22,425)	31,042

3. Revenue

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Overseas dividends	24,550	4,546
Bank interest	332	48
Interest received on amounts held with brokers	12	–
Stock lending income	60	–
Stock dividends	194	106
Total revenue	25,148	4,700

4. Expenses

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's fee	1	–
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	77	8
Safe custody fees	236	21
	313	29
Other expenses:		
Registrar's fees	7	2
Audit fee	10	15
MSCI® licence fee	121	31
Revenue collection expenses	1	–
Printing & stationery fee	2	–
Other professional fee	160	11
Legal fee	1	–
	302	59
Total expenses	616	88

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Corporation tax at 20%	445	56
Irrecoverable overseas tax	2,726	635
Double tax relief	(328)	(40)
Current tax charge for the year	2,843	651

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (31/08/17: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	24,454	4,603
Corporation tax at 20% (31/08/17: 20%)	4,891	921
Effects of:		
Revenue not subject to taxation	(4,446)	(865)
Irrecoverable overseas tax	2,726	635
Double tax relief	(328)	(40)
Current tax charge for the year	2,843	651

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

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/08/17: same).

6. Distributions

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

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Accumulation shares		
Final	21,669	6,748
	21,669	6,748
Add: Amounts deducted on cancellation of shares	1,262	–
Deduct: Amounts received on the creation of shares	(1,475)	(2,881)
Net distributions for the year	21,456	3,867

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

Net revenue after taxation	21,611	3,952
Stock dividend charged to capital	(194)	(106)
Tax relief on stock dividend	39	21
Net distributions for the year	21,456	3,867

Details of the distribution per share are set out on page 257.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7. Debtors

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Amounts receivable on creation of shares	1	–
Sales awaiting settlement	104	–
Accrued revenue	1,242	1,434
Withholding tax recoverable	28	16
Prepaid expenses	2	66
Total debtors	1,377	1,516

8. Cash and bank balances

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Cash and bank balances	27,875	19,547
Amounts held at futures clearing houses and brokers	2,934	(344)
Total cash and bank balances	30,809	19,203

9. Other creditors

	31 August 2018 £'000	12 June 2017 to 31 August 2017 £'000
Accrued expenses	191	63
Corporation tax payable	71	16
Overseas tax payable on stock dividends	22	21
Total other creditors	284	100

10. Reconciliation of number of shares

	Class R Accumulation	Class Z Accumulation
Opening shares at 01/09/17	649,992,923	–
Shares issued	389,301,455	1,000,000
Shares cancelled	(102,121,878)	–
Closing shares at 31/08/18	937,172,500	1,000,000

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

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/08/17: same).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £1,000 (31/08/17: £-).

At the year end, 31 August 2018, 97.62% (31/08/17: 95.13%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £15,000 (Gross: £75,000) (31/08/17: £- (Gross: £-)) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £18,589,000 (31/08/17: £-).

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

Asset class	31 August 2018 Collateral Held £'000	31 August 2017 Collateral Held £'000
Equities	17,239	-
Bonds	2,690	-

The aggregate value of collateral held at the balance sheet date was £19,929,000 (31/08/17: £-). Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were Bank of Nova Scotia, BNP Paribas, Citigroup Global Markets, HSBC Bank, Societe Generale and UBS.

14. Financial derivatives

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

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

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

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

Details of the individual contracts are shown on the portfolio statement on pages 240 to 246.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 249. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

Currency	31 August 2018 £'000	31 August 2017 £'000
Sterling	11,222	1,506
Brazilian real	51,436	51,494
Chilean peso	12,524	9,071
Columbian peso	1,238	1,165
Czech koruna	3,064	1,855
Egyptian pound	1,996	1,319
Euro	1,642	1,141
Hong Kong dollar	199,562	148,386
Hungarian forint	4,898	3,692
Indian rupee	103,506	73,461
Indonesian rupiah	33,844	25,604
Korean won	116,077	86,262
Malaysian ringgit	34,106	19,488
Mexican peso	23,213	17,643
New Taiwanese dollar	166,037	99,544
Philippine peso	14,115	9,159
Polish zloty	14,220	10,456
Russian ruble	12,460	7,227
South African rand	109,440	70,100
Thai baht	34,009	21,314
Turkish lira	2,011	2,760
UAE dirham	4,779	2,814
US dollar	35,469	22,533
Total	990,868	687,994

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £97,964,000 (31/08/17: £68,649,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £97,964,000 (31/08/17: £68,649,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £95,897,000 (31/08/17: £66,738,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £95,897,000 (31/08/17: £66,738,000). These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £27,875,000 (31/08/17: £19,547,000) which earn interest by reference to LIBOR or international equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16. Portfolio transaction costs

For the year ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	442,355	101	0.02	294	0.07	35	0.01	442,785
Corporate actions	1,065	–	–	–	–	–	–	1,065
Total	443,420	101		294		35		443,850

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	127,341	23	0.02	160	0.13	8	0.01	127,150
Corporate actions	1,360	–	–	–	–	–	–	1,360
Total	128,701	23		160		8		128,510

The Fund had paid £18,000 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions 0.01%

Taxes 0.05%

Other expenses 0.01%

For the year ended 31 August 2017

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	635,139	158	0.02	370	0.06	56	–	635,723
Total	635,139	158		370		56		635,723

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Corporate actions	3	–	–	–	–	–	–	3
Total	3	–		–		–		3

The Fund had paid £1,000 as commission on purchases and sales derivative transactions for the year ended 31/08/17.

Commissions, taxes and fees as % of average net assets

Commissions 0.04%

Taxes 0.09%

Other expenses 0.02%

At the balance sheet date the portfolio dealing spread was 0.20% (31/08/17: 0.20%). The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	960,464	–	–	960,464
Total	960,464	–	–	960,464
Investment liabilities	£'000	£'000	£'000	£'000
Derivatives	(1,498)	–	–	(1,498)
Total	(1,498)	–	–	(1,498)

For the year ended 31 August 2017

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	666,117	–	–	666,117
Derivatives	1,258	–	–	1,258
Total	667,375	–	–	667,375

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 AUGUST 2018

Distribution in pence per share

FINAL

Group 1: Shares purchased prior to 1 September 2017

Group 2: Shares purchased between 1 September 2017 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18	Distribution paid 31/10/17
Class R Accumulation				
Group 1	2.3107	–	2.3107	1.0381
Group 2	1.9064	0.4043	2.3107	1.0381
Class Z Accumulation*				
Group 1	1.3572	–	1.3572	n/a
Group 2	1.3572	0.0000	1.3572	n/a

* The share class launched 5 March 2018.

MANAGER'S INVESTMENT REPORT

Fund Performance

For the period 10 October 2017 to 31 August 2018

The Fund was launched in October 2017. This means that it lacks a full year of performance history, and as a result, it is not possible to display annual performance data. However, the return from the Fund was ahead of the wider global equity market during the six months through 31 August 2018, using the MSCI World Net Total Return Index as a guide. Stock selection contributed to this performance.

Market and Portfolio Commentary

Global economic growth was broadly supportive for equities during the period under review, although expansion slowed noticeably outside the US in 2018. Corporate earnings also tended to be generally positive, particularly in the US following tax cuts. However, concern about protectionism was a negative theme, as the US and China maintained heated rhetoric on trade and imposed tariffs on some imported products. Political developments in Europe also were problematic, underlining the continued loss of support for mainstream parties and stronger backing for more extreme views; German and Italian elections ended with no clear outcome, and an openly eurosceptic and anti-immigrant government took office in Italy. The US Federal Reserve (Fed) continued to raise its benchmark interest rate at a measured pace; elsewhere, central banks were in no hurry to tighten policy. The dollar strengthened during the period as a whole, as the gap between policy rates in the US and other countries widened.

The allocations to Amazon, Five Below and Costco Wholesale contributed to returns. Shares of Amazon rose sharply as the company continued to see strong growth in revenue from areas such as its Prime subscription service and cloud computing that are more profitable than its core online retail business. Amazon also broadened its expansion into other areas of the economy with the takeover of Internet pharmacy Pillpack, after acquiring supermarket chain Whole Foods Market in 2017. Five Below, a US discount retailer aimed at younger shoppers, recorded further very strong sales gains, helped by a focus on trends among teenagers and by continued expansion of its store network. The company also announced a stock repurchase programme. US warehouse club Costco Wholesale continued to benefit from low prices as well as a steady membership renewal rate, maintaining a stream of membership fees that helped to bolster profit.

Exxon Mobil, Comcast and Goodyear Tire & Rubber were prominent detractors from Fund performance. Exxon repeatedly missed targets for profit and production of oil and gas during the review period; the company also suffered from a perceived focus on investment in its business at the same time that competitors were returning money to investors with buybacks and higher dividends. Comcast became involved in bidding contests for media assets being sold by Rupert Murdoch's 21st Century Fox and for satellite broadcaster Sky. Comcast offered in June to pay \$65 billion for the Fox assets, but subsequently withdrew; at the end of the review period, the company was still a contender to acquire Sky and had offered to pay \$34 billion. Goodyear was undermined by the background of trade-related tensions, including China's imposition of tariffs on vehicles imported from the US. The company issued a profit warning in July, in the same week that carmakers General Motors, Ford and Fiat Chrysler Automotive lowered their own outlooks for the market.

Fund activity including establishing a position in Tate & Lyle (financed by selling the holding of Sysco), while shares of Comcast were sold against New York Times and World Wrestling Entertainment. East Japan Railway, Novo Nordisk and National Australia Bank were among allocations that were increased to invest cash flows.

The Fund aims to deliver long-term capital growth by investing in a diversified portfolio of global equities, and will typically hold 175 to 225 stocks. The equities in which the Fund invests may be from both developed and emerging market countries and from any sector, industry or market capitalisation.

Investment Outlook

Our base case is for global growth to remain at a rate of 3.5% to 4%, slowing through 2020, with inflation pressures building, but not strongly. We expect central banks to remain cautious, with the Fed continuing to tighten monetary policy at a gradual rate, and the European Central Bank and the Bank of Japan maintaining their loose policies.

Peter Rutter
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class M Accumulation

	31/08/18** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	12.52
Operating charges	(0.19)
Return after operating charges*	12.33
Distributions on accumulation shares	(1.17)
Retained distributions on accumulation shares	1.17
Closing net asset value per share	112.33
* after direct transaction costs of:	0.16
Performance	
Return after charges	12.33%
Other information	
Closing net asset value (£'000)	2
Closing number of shares	2,220
Operating charges	0.37%
Direct transaction costs	0.15%
Prices[^]	
Highest share price	113.60
Lowest share price	95.16

** The Fund launched on 10 October 2017.

Class M Income

	31/08/18*** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	12.53
Operating charges	(0.19)
Return after operating charges*	12.34
Distributions on income shares	(1.17)
Closing net asset value per share	111.17
* after direct transaction costs of:	0.16
Performance	
Return after charges	12.34%
Other information	
Closing net asset value (£'000)	2
Closing number of shares	2,220
Operating charges	0.37%
Direct transaction costs	0.15%
Prices[^]	
Highest share price	113.60
Lowest share price	95.16

*** The class was launched on 5 March 2018.

COMPARATIVE TABLES (CONTINUED)

Class R Accumulation

	31/08/18** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	12.38
Operating charges	(0.09)
Return after operating charges*	12.29
Distributions on accumulation shares	(1.83)
Retained distributions on accumulation shares	1.83
Closing net asset value per share	112.29
* after direct transaction costs of:	0.16
Performance	
Return after charges	12.29%
Other information	
Closing net asset value (£'000)	130,641
Closing number of shares	116,337,457
Operating charges	0.09%
Direct transaction costs	0.15%
Prices^	
Highest share price	113.50
Lowest share price	95.01

** The class was launched on 10 October 2017.

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

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

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 99.42%			
Australia – 1.97%			
Basic Materials – 0.41%			
74,415	Northern Star Resources	288	0.22
24,983	Orica	244	0.19
Consumer Services – 0.31%			
14,450	Wesfarmers	412	0.31
Financials – 1.25%			
8,730	Commonwealth Bank of Australia	346	0.26
125,614	General Property	361	0.28
7,989	Macquarie	573	0.44
22,255	National Australia Bank	351	0.27
Total Australia		2,575	1.97
Belgium – 0.62%			
Consumer Services – 0.28%			
7,939	Colruyt	364	0.28
Financials – 0.34%			
8,126	KBC Group	444	0.34
Total Belgium		808	0.62
Canada – 3.25%			
Consumer Goods – 0.29%			
12,263	Spin Master Corporation	374	0.29
Financials – 1.02%			
8,153	Bank of Nova Scotia	363	0.28
14,495	Great-West Lifeco	272	0.21
15,095	Toronto Dominion Bank	700	0.53
Oil & Gas – 1.47%			
20,878	Canadian Natural Resources	548	0.42
29,042	Inter Pipeline	410	0.31
30,469	Suncor Energy	965	0.74
Technology – 0.47%			
1,045	Constellation Software	612	0.47
Total Canada		4,244	3.25
Denmark – 1.48%			
Consumer Goods – 0.29%			
8,814	Bakkafrost	388	0.29
Healthcare – 0.83%			
13,003	Lundbeck	587	0.45
13,033	Novo Nordisk 'B'	495	0.38
Industrials – 0.36%			
6,499	DSV	469	0.36
Total Denmark		1,939	1.48
Finland – 0.68%			
Basic Materials – 0.48%			
21,083	UPM-Kymmene	626	0.48
Financials – 0.20%			
6,602	Sampo Oyj 'A'	260	0.20
Total Finland		886	0.68

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
France – 2.63%			
Consumer Goods – 0.82%			
2,316	LVMH	626	0.48
3,662	Pernod-Ricard	445	0.34
Consumer Services – 0.25%			
4,035	Sodexo	324	0.25
Financials – 0.66%			
21,400	AXA	417	0.32
9,759	BNP Paribas	442	0.34
Industrials – 0.90%			
8,750	Legrand	508	0.39
6,773	Safran	681	0.51
Total France		3,443	2.63
Germany – 3.00%			
Basic Materials – 1.09%			
11,266	BASF	802	0.61
8,790	Bayer	634	0.48
Consumer Goods – 1.13%			
3,126	Adidas	601	0.46
8,317	Daimler	414	0.32
4,623	Henkel Preference	455	0.35
Healthcare – 0.24%			
5,326	Fresenius	313	0.24
Industrials – 0.24%			
3,322	Krones	311	0.24
Technology – 0.30%			
4,975	Bechtle	399	0.30
Total Germany		3,929	3.00
Hong Kong – 1.28%			
Financials – 0.79%			
290,000	Hang Lung Properties	441	0.33
78,500	Link	601	0.46
Telecommunications – 0.19%			
599,000	PCCW	245	0.19
Utilities – 0.30%			
43,500	CLP Holdings	392	0.30
Total Hong Kong		1,679	1.28
Ireland – 0.99%			
Consumer Services – 0.18%			
3,316	Paddy Power	233	0.18
Healthcare – 0.45%			
7,877	Medtronic	584	0.45
Industrials – 0.36%			
18,662	CRH	476	0.36
Total Ireland		1,293	0.99

Royal London Global Equity Diversified Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Italy – 0.56%			
Financials – 0.23%			
41,353	Mediobanca	297	0.23
Utilities – 0.33%			
325,955	A2A SpA	432	0.33
Total Italy		729	0.56
Japan – 8.58%			
Basic Materials – 0.70%			
30,100	Kansai Paint	459	0.35
7,600	Nitto Denko	455	0.35
Consumer Goods – 2.19%			
11,300	Bandai Namco	338	0.26
29,800	Kokuyo	399	0.31
18,300	Nifco	387	0.30
5,900	Rinnai	338	0.26
28,900	Toyota Motor	1,389	1.06
Consumer Services – 0.47%			
8,900	East Japan Railway	620	0.47
Financials – 0.99%			
243	Japan Logistics	356	0.27
10,400	MS & AD Insurance	246	0.19
22,600	Sumitomo Mitsui Financial	687	0.53
Healthcare – 0.98%			
15,800	Daiichi Sankyo	475	0.36
27,800	Santen Pharmaceutical	330	0.25
10,700	Shionogi	479	0.37
Industrials – 2.18%			
18,700	Amano	301	0.23
2,100	Daito Trust Construction	243	0.19
41,800	Itochu	564	0.43
32,400	Maeda Road Construction	484	0.37
21,000	Misumi	417	0.32
11,800	Omron	407	0.31
1,700	SMC	436	0.33
Technology – 0.68%			
10,800	IT Holdings	401	0.31
61,600	Konica Minolta	483	0.37
Telecommunications – 0.39%			
25,200	KDDI	514	0.39
Total Japan		11,208	8.58
Netherlands – 0.69%			
Financials – 0.41%			
25,588	ABN AMRO	534	0.41
Industrials – 0.28%			
16,411	Boskalis Westminster	362	0.28
Total Netherlands		896	0.69
New Zealand – 0.33%			
Telecommunications – 0.33%			
211,846	Spark New Zealand	430	0.33
Total New Zealand		430	0.33

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Norway – 0.28%			
Telecommunications – 0.28%			
24,885	Telenor	362	0.28
Total Norway		362	0.28
Singapore – 0.35%			
Financials – 0.35%			
32,200	DBS	451	0.35
Total Singapore		451	0.35
South Korea – 0.33%			
Technology – 0.33%			
520	Samsung GDR	427	0.33
Total South Korea		427	0.33
Spain – 0.96%			
Financials – 0.33%			
146,995	Bankia	426	0.33
Healthcare – 0.35%			
20,496	Grifols A	465	0.35
Utilities – 0.28%			
22,579	Red Electrica de Espana	366	0.28
Total Spain		1,257	0.96
Sweden – 0.45%			
Consumer Goods – 0.28%			
21,273	Electrolux 'B'	365	0.28
Financials – 0.17%			
23,528	Handelsbanken 'A'	220	0.17
Total Sweden		585	0.45
Switzerland – 3.29%			
Basic Materials – 0.44%			
5,000	Sika	571	0.44
Consumer Goods – 1.02%			
20,604	Nestlé (registered)	1,334	1.02
Financials – 0.32%			
34,648	UBS (registered)	417	0.32
Healthcare – 1.26%			
12,992	Novartis (registered)	831	0.63
4,280	Roche – participating	820	0.63
Telecommunications – 0.25%			
943	Swisscom	325	0.25
Total Switzerland		4,298	3.29
Taiwan – 0.43%			
Technology – 0.43%			
16,769	Taiwan Semiconductor ADR	562	0.43
Total Taiwan		562	0.43

Royal London Global Equity Diversified Fund

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
United Kingdom – 6.30%			
Basic Materials – 0.91%			
72,409	BHP Billiton	1,190	0.91
Consumer Goods – 1.75%			
12,518	Berkeley	456	0.35
17,381	Diageo	468	0.36
14,614	Imperial Brands	401	0.30
6,920	Reckitt Benckiser	454	0.35
76,154	Tate & Lyle	511	0.39
Financials – 1.77%			
16,197	Admiral	337	0.26
100,925	Aviva	489	0.37
18,840	Close Brothers	301	0.23
64,225	HSBC	430	0.33
461,158	Lloyds Banking Group	273	0.21
10,312	London Stock Exchange	477	0.37
Healthcare – 0.38%			
33,263	ABCAM	504	0.38
Industrials – 0.36%			
8,558	Renishaw	466	0.36
Oil & Gas – 0.82%			
196,215	BP	1,074	0.82
Utilities – 0.31%			
49,730	National Grid	403	0.31
Total United Kingdom		8,234	6.30

United States – 60.97%

Basic Materials – 1.35%			
15,397	International Paper	606	0.46
12,797	Southern Copper	430	0.33
20,799	Steel Dynamics	732	0.56
Consumer Goods – 3.15%			
15,931	Church & Dwight	693	0.53
10,492	Colgate-Palmolive	536	0.41
23,570	Goodyear Tire & Rubber	411	0.31
4,954	Lear Corporation	618	0.47
11,216	Philip Morris International	672	0.51
5,128	Snap-on	697	0.53
10,562	Tyson Foods	510	0.39
Consumer Services – 9.68%			
3,385	Allegiant Travel	355	0.27
2,141	Amazon.com	3,316	2.54
9,377	Bright Horizons	861	0.66
6,300	Casey's General Stores	553	0.42
6,094	Costco Wholesale	1,093	0.84
6,823	CVS Health	395	0.30
5,775	Five Below	517	0.40
7,654	Home Depot	1,182	0.90
2,010	NetFlix	569	0.44
22,870	New York Times	409	0.31
8,602	Omnicom	459	0.35
11,962	PayPal	850	0.65
11,243	TJX Companies	951	0.73
2,982	Ulta Beauty	596	0.46
8,056	WWE	542	0.41

United States – 60.97% – continued

Financials – 11.89%			
4,874	Affiliated Managers	548	0.42
11,298	Aflac	402	0.31
8,137	American Express	663	0.51
6,372	American Tower	731	0.56
3,986	AvalonBay Communities	562	0.43
9,263	Bank of the Ozarks	288	0.22
8,646	Berkshire Hathaway 'B'	1,387	1.06
1,747	BlackRock	644	0.49
3,894	Goldman Sachs	712	0.54
2,455	Jones Lang LaSalle	288	0.22
29,574	JP Morgan Chase	2,605	1.99
2,230	MarketAxess Holdings	326	0.25
5,187	PNC Financial Services	573	0.44
7,779	Primerica	731	0.56
14,888	Progressive	773	0.59
9,188	State Street	614	0.47
15,997	US Bancorp	666	0.51
15,936	Visa 'A'	1,800	1.38
27,250	Wells Fargo	1,225	0.94
Healthcare – 7.22%			
11,204	Abbvie	827	0.63
2,258	Biogen IDEC	614	0.47
7,985	Cantel Medical	596	0.46
12,691	Eli Lilly	1,031	0.79
9,217	Express Scripts 'A'	624	0.48
8,441	Gilead Sciences	492	0.38
6,170	HCA Holdings	637	0.49
6,604	Henry Schein	395	0.30
14,940	Johnson & Johnson	1,547	1.18
8,187	Mylan	246	0.19
5,241	Thermo Fisher Scientific	964	0.74
7,009	UnitedHealth	1,446	1.11
Industrials – 6.20%			
7,347	AGCO Holdings	337	0.26
9,089	Ametek	538	0.41
9,542	Danaher	760	0.58
9,713	Fortive	628	0.48
7,121	Honeywell International	871	0.67
3,873	Littelfuse	666	0.51
5,864	Old Dominion Freight Line	688	0.53
12,487	Paccar	657	0.50
6,041	Raytheon	926	0.71
4,055	Roper Technologies	931	0.71
9,508	Union Pacific	1,101	0.84
Oil & Gas – 4.55%			
46,731	Exxon Mobil	2,881	2.21
9,436	Helmerich & Payne	476	0.36
30,501	Kinder Morgan	415	0.32
19,670	Newfield Exploration	413	0.32
11,207	Occidental Petroleum	689	0.53
21,586	OGE Energy	612	0.47
9,220	Schlumberger	448	0.34
Technology – 14.12%			
1,648	Alphabet 'A'	1,561	1.19
1,532	Alphabet 'C'	1,436	1.10
6,034	Ansys	863	0.66
18,149	Apple	3,177	2.43
410	Booking Holdings	616	0.47
3,989	Broadcom Corporation	672	0.51

PORTFOLIO STATEMENT (CONTINUED)

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
United States – 60.97% – continued			
Technology – 14.12% – continued			
10,444	CDW Corporation	704	0.54
27,676	Cisco Systems	1,017	0.78
10,971	Facebook	1,483	1.14
4,607	Jack Henry & Associates	562	0.43
8,854	KLA Tencor	792	0.61
38,299	Microsoft	3,310	2.53
51,384	ON Semiconductor	844	0.65
24,171	Oracle	903	0.69
7,225	Skyworks Solutions	507	0.39
Telecommunications – 1.25%			
39,008	Verizon Communications	1,631	1.25
Utilities – 1.56%			
34,785	Centerpoint Energy	743	0.57
11,633	Eversource Energy	559	0.43
7,235	IDACORP	545	0.42
3,659	MGE Energy	184	0.14
Total United States		79,656	60.97
Total value of investments		129,891	99.42
Net other assets		754	0.58
Total net assets		130,645	100.00

The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

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

SUMMARY OF MATERIAL PORTFOLIO CHANGES

FOR THE PERIOD ENDED 31 AUGUST 2018

Significant Purchases

	Cost £'000
Exxon Mobil	3,118
Microsoft	2,834
Apple	2,812
Amazon.com	2,500
JP Morgan Chase	2,445
Visa 'A'	1,574
Verizon Communications	1,565
Johnson & Johnson	1,564
Facebook	1,491
Alphabet 'A'	1,453
Subtotal	21,356
Total cost of purchases, including the above, for the year	130,397

Significant Sales

	Proceeds £'000
Sysco	442
Comcast 'A'	403
Time Warner	347
Corning	243
BMW	215
OMV	215
Texas Roadhouse	207
Westfield	198
Zimmer Holdings	195
Autozone	193
Subtotal	2,658
Total proceeds from sales, including the above, for the year	5,434

FINANCIAL STATEMENTS

Statement of Total Return

for the period 10 October 2017 to 31 August 2018

	Note	£'000	Period from 10 October 2017 to 31 August 2018* £'000
Income			
Net capital gains	2		5,108
Revenue	3	1,125	
Expenses	4	(39)	
Interest payable and similar charges		(1)	
Net revenue before taxation		1,085	
Taxation	5	(120)	
Net revenue after taxation			965
Total return before distributions			6,073
Distributions	6		(965)
Change in net assets attributable to shareholders from investment activities			5,108

Statement of Change in Net Assets Attributable to Shareholders

for the period 10 October 2017 to 31 August 2018

	£'000	Period from 10 October 2017 to 31 August 2018* £'000
Opening net assets attributable to shareholders		–
Amounts receivable on creation of shares	123,759	
Amounts payable on cancellation of shares	(16)	
		123,743
Change in net assets attributable to shareholders from investment activities		5,108
Retained distributions on accumulation shares		1,794
Closing net assets attributable to shareholders		130,645

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018* £'000
ASSETS		
Investments		129,891
Current assets:		
Debtors	7	30,151
Cash and bank balances	8	253
Total assets		160,295
LIABILITIES		
Creditors:		
Other creditors	9	29,650
Total liabilities		29,650
Net assets attributable to shareholders		130,645

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018* £'000
The net capital gains during the year comprise:	
Non-derivative securities	4,932
Derivative securities	26
Currency gains	153
Activity fees	(6)
Forward currency contracts	3
Net capital gains	5,108

3. Revenue

	31 August 2018* £'000
UK dividends	113
Overseas dividends	1,009
Bank interest	2
Stock lending income	1
Total revenue	1,125

4. Expenses

	31 August 2018* £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:	
Authorised Corporate Director's fee	–
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fee	11
Safe custody fees	6
	17
Other expenses:	
Registrar's fees	9
Audit fee	11
Printing & stationery fee	1
Legal fee	1
	22
Total expenses	39

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the year

	31 August 2018*
	£'000
Irrecoverable overseas tax	120
Current tax charge for the year	120

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	1,085
Corporation tax at 20%	217
Effects of:	
Revenue not subject to taxation	(219)
Current year expenses not utilised	2
Irrecoverable overseas tax	120
Current tax charge for the year	120

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

c) Provision for deferred tax

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

d) Factors that may affect future tax charges

At the year end, there is a potential deferred tax asset of £2,000 in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

6. Distributions

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

	31 August 2018*
	£'000
Accumulation shares	
Interim	255
Final	1,539
	1,794
Deduct: Amounts received on the creation of shares	(829)
Net distributions for the year	965

Details of the distribution per share are set out on page 273.

7. Debtors

	31 August 2018*
	£'000
Amounts receivable on creation of shares	29,995
Accrued revenue	144
Withholding tax recoverable	12
Total debtors	30,151

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

8. Cash and bank balances

	31 August 2018* £'000
Cash and bank balances	241
Amounts held at futures clearing houses and brokers	12
Total cash and bank balances	253

9. Other creditors

	31 August 2018* £'000
Purchases awaiting settlement	29,633
Accrued expenses	17
Total other creditors	29,650

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

10. Reconciliation of number of shares

	Class M Accumulation	Class M Income	Class R Accumulation
Opening shares at 10/10/17	–	–	–
Shares issued	3,194	3,194	116,350,943
Shares cancelled	(974)	(974)	(13,486)
Closing shares at 31/08/18	2,220	2,220	116,337,457

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

11. Contingent liabilities and outstanding commitments

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

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due from Royal London Unit Trust Managers Limited in respect of these transactions was £29,995,000.

At the year end, 31 August 2018, 77.18% of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £- (Gross: £1,000) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £4,263,000.

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

	31 August 2018 Collateral Held £'000
Asset class	
Equities	4,369
Bonds	140

The aggregate value of collateral held at the balance sheet date was £4,509,000. Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the year end were UBS, Bank of Nova Scotia and Societe Generale

14. Financial derivatives

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

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

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

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 31 August 2018 there was no collateral held in respect of the above derivatives.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 267. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

	31 August 2018 £'000
Currency	
Sterling	9,308
Australian dollar	2,640
Canadian dollar	4,262
Danish krone	1,574
Euro	11,977
Hong Kong dollar	1,691
Japanese yen	11,245
New Zealand dollar	438
Norwegian krone	761
Singapore dollar	463
Swedish krona	591
Swiss franc	4,311
US dollar	81,384
Total	130,645

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

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 Fund would have decreased by £12,134,000. If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £12,134,000. These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £12,989,000. If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £12,989,000. These calculations assume all other variables remain constant.

The only interest bearing asset are cash balance of £241,000 which earn interest by reference to LIBOR or international equivalent.

16. Portfolio transaction costs

For the period ended 31 August 2018

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total purchases costs								
Equity transactions	130,293	20	0.02	59	0.05	–	–	130,372
Corporate actions	25	–	–	–	–	–	–	25
Total	130,318	20		59		–		130,397

	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Analysis of total sales costs								
Equity transactions	5,436	2	0.04	–	0.00	–	0.00	5,434
Total	5,436	2		–		–		5,434

The Fund had paid £1,000 as commission on purchases and sales derivative transactions for the year ended 31/08/18.

Commissions, taxes and fees as % of average net assets

Commissions	0.04%
Taxes	0.11%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.07%. The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

17. Fair value of investments

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

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

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

For the year ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	129,891	–	–	129,891
Total	129,891	–	–	129,891

18. Post balance sheet event

Following the year end, the Royal London Group significantly increased its investment in the Royal London Global Equity Diversified Fund. On 31 October 2018, the Fund's net asset value was £672,061,000.

DISTRIBUTION TABLES

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 10 October 2017

Group 2: Shares purchased between 10 October 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18
Class R Accumulation			
Group 1	0.5042	–	0.5042
Group 2	0.5035	0.0007	0.5042

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18
Class M Accumulation			
Group 1	1.1669	–	1.1669
Group 2	1.1669	0.0000	1.1669
Class M Income			
Group 1	1.1669	–	1.1669
Group 2	1.1669	0.0000	1.1669
Class R Accumulation			
Group 1	1.3226	–	1.3226
Group 2	0.0630	1.2596	1.3226

The Fund launched on 10 October 2017 so there are no comparatives for 28 February 2017.
Class M was launched on 5 March 2018.

MANAGER'S INVESTMENT REPORT

Fund Performance

For the period 10 October 2017 to 31 August 2018

The Fund was launched in October 2017. This means that it lacks a full year of performance history, and as a result, it is not possible to display annual performance data. However, the return from the Fund was ahead of the wider global equity market during the six months through 31 August 2018, using the MSCI World Net Total Return Index as a guide. Stock selection contributed to this performance.

Market and Portfolio Commentary

Global economic growth was broadly supportive for equities during the period under review, although expansion slowed noticeably outside the US in 2018. Corporate earnings also tended to be generally positive, particularly in the US following tax cuts. However, concern about protectionism was a negative theme, as the US and China maintained heated rhetoric on trade and imposed tariffs on some imported products. Political developments in Europe also were problematic, underlining the continued loss of support for mainstream parties and stronger backing for more extreme views; German and Italian elections ended with no clear outcome, and an openly eurosceptic and anti-immigrant government took office in Italy. The US Federal Reserve (Fed) continued to raise its benchmark interest rate at a measured pace; elsewhere, central banks were in no hurry to tighten policy. The dollar strengthened during the period as a whole, as the gap between policy rates in the US and other countries widened.

Church & Dwight, Eli Lilly and Helmerich & Payne made prominent contributions to Fund performance. Church & Dwight, a US maker of household goods, benefited from investment in its brands that helped to drive organic growth, contributions from acquisitions and the introduction of new products. The company raised forecasts for annual results as sales and profit exceeded its own targets. Eli Lilly recorded a particularly strong increase in July as the US pharmaceutical company again increased projections for full year results, supported by a material contribution to sales from new medicines and by good demand for established treatments, particularly for diabetes. Helmerich & Payne reported strong operating results as climbing oil prices led to increased drilling activity, enabling the company to raise hire rates for its rigs. Demand was particularly robust for the most advanced 'super spec' rigs, a category in which Helmerich has a market leading position.

The holdings of Bayer, Daimler and Svenska Handelsbanken detracted from returns. German life sciences company Bayer completed its takeover of US agrochemical company Monsanto in June, paying more than \$60 billion; only two months later, in the first of a wave of lawsuits to go to trial, a US jury said Monsanto had failed to warn of health risks from an herbicide and imposed an award for damages, causing Bayer stock to fall sharply. Daimler was undermined by allegations that it manipulated emissions data for its Mercedes-Benz vehicles and by the backdrop of trade-related tensions, which included a US threat to impose tariffs on autos imported from Europe. Daimler recalled more than 3 million diesel-powered Mercedes-Benz vehicles in Europe and issued a profit warning after China levied tariffs on US-made cars. Svenska Handelsbanken was weighed down by pressure on earnings as Sweden's central bank maintained negative interest rates, as well as losses on loans to collapsed UK construction company Carillion. In addition, some analysts expressed doubt about the viability of the bank's branch-centred operating model in an increasingly digital world.

Fund activity included initiating positions in Telenor, Steel Dynamics and Daimler, while Roche Holding, Henkel and Casey's General Stores were among holdings that were sold. Allocations to Eli Lilly and Svenska Handelsbanken were increased, and exposures to Constellation Software and Helmerich & Payne were reduced.

The Fund aims to deliver long-term capital growth by investing in a concentrated portfolio of global equities, and will typically hold 25 to 45 stocks. The equities in which the Fund invests may be from both developed and emerging market countries and from any sector, industry or market capitalisation. While concentrated at the stock level, RLAM's Global Equity Team will seek diversification across the Corporate Life Cycle, which holds that corporate returns on productive capital tend to progress along a life cycle with defined stages.

Investment Outlook

Our base case is for global growth to remain at a rate of 3.5% to 4%, slowing through 2020, with inflation pressures building, but not strongly. We expect central banks to remain cautious, with the Fed continuing to tighten monetary policy at a gradual rate, and the European Central Bank and the Bank of Japan maintaining their loose policies.

Peter Rutter
Fund Manager
31 August 2018
Royal London Asset Management

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

Source: Royal London Asset Management, unless otherwise stated.

COMPARATIVE TABLES

Class M Accumulation

	31/08/18** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	15.39
Operating charges	(0.35)
Return after operating charges*	15.04
Distributions on accumulation shares	(1.12)
Retained distributions on accumulation shares	1.12
Closing net asset value per share	115.04
* after direct transaction costs of:	0.03
Performance	
Return after charges	15.04%
Other information	
Closing net asset value (£'000)	257
Closing number of shares	223,274
Operating charges	0.66%
Direct transaction costs	0.03%
Prices[^]	
Highest share price	115.70
Lowest share price	95.94

** Class M Accumulation launched on 5 March 2018.

Class M Income

	31/08/18** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	15.35
Operating charges	(0.35)
Return after operating charges*	15.00
Distributions on income shares	(1.12)
Closing net asset value per share	113.88
* after direct transaction costs of:	0.03
Performance	
Return after charges	15.00%
Other information	
Closing net asset value (£'000)	625
Closing number of shares	549,118
Operating charges	0.66%
Direct transaction costs	0.03%
Prices[^]	
Highest share price	115.70
Lowest share price	95.94

** Class M Income launched on 5 March 2018.

COMPARATIVE TABLES (CONTINUED)

Class R Accumulation

	31/08/18*** (p)
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	16.75
Operating charges	(0.05)
Return after operating charges*	16.70
Distributions on accumulation shares	(1.86)
Retained distributions on accumulation shares	1.86
Closing net asset value per share	116.70
* after direct transaction costs of:	0.03
Performance	
Return after charges	16.70%
Other information	
Closing net asset value (£'000)	114,621
Closing number of shares	98,214,820
Operating charges	0.08%
Direct transaction costs	0.03%
Prices^	
Highest share price	117.30
Lowest share price	97.09

*** The Fund launched on 10 October 2017.

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

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

Royal London Global Equity Select Fund

PORTFOLIO STATEMENT

AS AT 31 AUGUST 2018

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Equities – 97.62%			
Oil & Gas – 6.03%			
Oil & Gas Producers – 4.06%			
148,122	Suncor Energy	4,692	4.06
Oil Equipment & Services – 1.97%			
45,143	Helmerich & Payne	2,278	1.97
Total Oil & Gas		6,970	6.03
Basic Materials – 6.08%			
Chemicals – 2.34%			
37,496	Bayer	2,703	2.34
Industrial Metals – 3.74%			
122,649	Steel Dynamics	4,315	3.74
Total Basic Materials		7,018	6.08
Industrials – 18.29%			
Aerospace & Defence – 6.52%			
21,582	Raytheon	3,310	2.87
41,940	Safran	4,214	3.65
Construction & Materials – 4.83%			
120,850	CRH	3,085	2.67
167,000	Maeda Road Construction	2,495	2.16
Electronic & Electrical Equipment – 2.17%			
43,113	Legrand	2,504	2.17
Industrial Transportation – 4.77%			
26,660	Old Dominion Freight Line	3,126	2.71
20,504	Union Pacific	2,375	2.06
Total Industrials		21,109	18.29
Consumer Goods – 12.82%			
Automobiles & Parts – 4.98%			
54,209	Daimler	2,700	2.34
24,450	Lear Corporation	3,052	2.64
Household Goods – 4.25%			
81,000	Church & Dwight	3,526	3.05
104,000	Kokuyo	1,391	1.20
Leisure Goods – 3.59%			
138,800	Bandai Namco Entertainment	4,146	3.59
Total Consumer Goods		14,815	12.82
Healthcare – 6.67%			
Pharmaceuticals & Biotechnology – 6.67%			
57,974	Eli Lilly	4,709	4.08
28,901	Johnson & Johnson	2,993	2.59
Total Healthcare		7,702	6.67
Consumer Services – 8.36%			
General Retailers – 8.36%			
2,173	Amazon.com	3,366	2.91
53,047	TJX Companies	4,487	3.88
9,046	Ulta Beauty	1,809	1.57
Total Consumer Services		9,662	8.36

Holding	Investment	Bid-Market value (£'000)	Total net assets (%)
Telecommunications – 2.15%			
Mobile Telecommunications – 2.15%			
171,120	Telenor	2,489	2.15
Total Telecommunications		2,489	2.15
Utilities – 3.42%			
Gas, Water & Multiutilities – 3.42%			
184,870	Centerpoint Energy	3,951	3.42
Total Utilities		3,951	3.42
Financials – 16.68%			
Banks – 9.67%			
92,300	Sumitomo Mitsui Financial	2,805	2.43
327,951	Svenska Handelsbanken AB	3,061	2.65
47,575	US Bancorp	1,980	1.71
73,989	Wells Fargo	3,327	2.88
Non-Life Insurance – 7.01%			
142,062	Admiral	2,955	2.56
32,022	Berkshire Hathaway 'B'	5,136	4.45
Total Financials		19,264	16.68
Technology – 17.12%			
Software & Computer Services – 10.98%			
2,684	Alphabet 'A'	2,543	2.20
32,732	Bechtle	2,624	2.27
4,036	Constellation Software	2,364	2.05
35,000	IT Holdings	1,299	1.13
44,566	Microsoft	3,852	3.33
Technology Hardware & Equipment – 6.14%			
3,386	Samsung Electronics	2,782	2.41
128,418	Taiwan Semiconductor Manufacturing	4,308	3.73
Total Technology		19,772	17.12
Total value of investments		112,752	97.62
Net other assets		2,751	2.38
Total net assets		115,503	100.00

The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.
All investments are listed on recognised stock exchanges and are 'approved securities' within the meaning of the FCA rules unless otherwise stated.

SUMMARY OF MATERIAL PORTFOLIO CHANGES

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

Significant Purchases

	Cost £'000
Taiwan Semiconductor Manufacturing	5,129
Berkshire Hathaway 'B'	4,552
Suncor Energy	4,231
Bechtle	4,161
Eli Lilly	3,948
Centerpoint Energy	3,913
Bayer	3,840
Raytheon	3,757
Bandai Namco Entertainment	3,632
Steel Dynamics	3,482
Subtotal	40,645
Total cost of purchases, including the above, for the period	125,449

Significant Sales

	Proceeds £'000
IT Holdings	3,083
Henkel	2,596
Casey's General Stores	2,593
Bechtle	2,438
Omnicom	2,105
Deluxe	1,936
Roche holding	1,908
International Paper	1,790
Old Dominion Freight Line	1,578
Constellation Software	1,547
Subtotal	21,574
Total proceeds from sales, including the above, for the period	27,345

FINANCIAL STATEMENTS

Statement of Total Return

for the period 10 October 2017 to 31 August 2018

	Note	£'000	Period from 10 October 2017 to 31 August 2018* £'000
Income			
Net capital gains	2		14,610
Revenue	3	2,132	
Expenses	4	(52)	
Net revenue before taxation		2,080	
Taxation	5	(247)	
Net revenue after taxation			1,833
Total return before distributions			16,443
Distributions	6		(1,833)
Change in net assets attributable to shareholders from investment activities			14,610

Statement of Change in Net Assets Attributable to Shareholders

for the period 10 October 2017 to 31 August 2018

	£'000	Period from 10 October 2017 to 31 August 2018* £'000
Opening net assets attributable to shareholders		–
Amounts transferred from other funds**	97,984	
Amounts receivable on creation of shares	1,119	
Amounts payable on cancellation of shares	(43)	
		99,060
Change in net assets attributable to shareholders from investment activities		14,610
Retained distribution on accumulation shares		1,833
Closing net assets attributable to shareholders		115,503

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

** On 10 October 2017 £97,983,501 was transferred in from RL Global Equity Select Life Fund.

FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet

as at 31 August 2018

	Note	31 August 2018* £'000
ASSETS		
Investments		112,752
Current assets:		
Debtors	7	1,013
Cash and bank balances	8	3,117
Total assets		116,882
LIABILITIES		
Creditors:		
Distribution payable		6
Other creditors	9	1,373
Total liabilities		1,379
Net assets attributable to shareholders		115,503

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

1. Accounting policies

The accounting policies are set out in note 1 on page 8.

2. Net capital gains

	31 August 2018* £'000
The net capital gains during the period comprise:	
Non-derivative securities	14,648
Currency losses	(36)
Activity fees	(2)
Net capital gains	14,610

3. Revenue

	31 August 2018* £'000
UK dividends	72
Overseas dividends	2,039
Bank interest	20
Stock lending income	1
Total revenue	2,132

4. Expenses

	31 August 2018* £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:	
Authorised Corporate Director's fee	1
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fee	18
Safe custody fees	10
	28
Other expenses:	
Registrar's fees	10
Audit fee	11
Printing & stationery fee	1
Legal fee	1
	23
Total expenses	52

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

5. Taxation

a) Analysis of charge for the period

	31 August 2018*
	£'000
Irrecoverable overseas tax	247
Current tax charge for the period	247

b) Factors affecting the current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%).

The differences are explained below:

Net revenue before taxation	2,080
Corporation tax at 20%	416
Effects of:	
Revenue not subject to taxation	(422)
Current period expenses not utilised	6
Irrecoverable overseas tax	247
Current tax charge for the period	247

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

c) Provision for deferred tax

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

d) Factors that may affect future tax charges

At the period end, there is a potential deferred tax asset of £6,000 in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the period.

6. Distributions

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

	31 August 2018*
	£'000
Accumulation shares	
Interim	387
Final	1,446
	1,833
Income shares	
Final	6
	6
	1,839
Add: Amounts deducted on cancellation of shares	1
Deduct: Amounts received on the creation of shares	(7)
Net distributions for the period	1,833

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

Details of the distribution per share are set out on page 286.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

7. Debtors

	31 August 2018* £'000
Sales awaiting settlement	751
Accrued revenue	211
Withholding tax recoverable	51
Total debtors	1,013

8. Cash and bank balances

	31 August 2018* £'000
Cash and bank balances	3,117
Total cash and bank balances	3,117

9. Other creditors

	31 August 2018* £'000
Purchases awaiting settlement	1,353
Accrued expenses	20
Total other creditors	1,373

* The Fund launched on 10 October 2017 so there are no comparatives for 31 August 2017.

10. Reconciliation of number of shares

	Class M Accumulation	Class M Income	Class R Accumulation
Opening shares at 10/10/17	–	–	–
Shares issued	261,172	550,040	98,214,820
Shares cancelled	(37,898)	(922)	–
Closing shares at 31/08/18	223,274	549,118	98,214,820

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

11. Contingent liabilities and outstanding commitments

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

12. Related party transactions

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

Authorised Corporate Director fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £423.

At the year end, 31 August 2018, 99.16% of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

13. Stock lending activities

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £131 (Gross: £525) payable to HSBC Bank plc.

The value of stock on loan at the balance sheet date was £4,313,000.

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

	31 August 2018 Collateral Held £'000
Asset class	
Equities	7,252
Bonds	375

The aggregate value of collateral held at the balance sheet date was £7,627,000. Collateral may be in the form of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities; where the ACD approves the asset it will be held to reduce counterparty exposure. The value of the collateral held is greater than the value of the securities on loan and is monitored as part of the efficient portfolio management process.

The counterparties at the period end were Bank of Nova Scotia, Natixis and UBS AG.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 9.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 280. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

A significant proportion of the Fund's assets are denominated in currencies other than sterling. The value of the Fund's assets may be affected by currency movements.

	31 August 2018 £'000
Currency	
Sterling	6,081
Canadian dollar	7,110
Euro	14,819
Japanese yen	13,373
Norwegian krone	2,509
Swedish krona	3,062
Swiss franc	24
US dollar	68,525
Total	115,503

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £10,942,000. If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £10,942,000. These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £11,275,000. If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £11,275,000. These calculations assume all other variables remain constant.

The only interest bearing assets are cash balances of £3,117,000 which earn interest by reference to LIBOR or international equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

15. Portfolio transaction costs

For the period ended 31 August 2018

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	29,104	14	0.05	3	0.01	–	–	29,121
In specie transactions	96,115	–	–	–	–	–	–	96,115
Corporate actions	213	–	–	–	–	–	–	213
Total	125,432	14		3		–		125,449

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other expenses £'000	%	Total £'000
Equity transactions	27,359	14	0.05	–	–	–	–	27,345
Total	27,359	14		–		–		27,345

Commissions, taxes and fees as % of average net assets

Commissions	0.03%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.07%. The Fund is single priced throughout the period and therefore the dealing spread is not indicative of the full period.

16. Fair value of investments

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

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

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

For the period ended 31 August 2018

Category	1	2	3	Total
Investments	£'000	£'000	£'000	£'000
Equities	112,752	–	–	112,752
Total	112,752	–	–	112,752

DISTRIBUTION TABLES

FOR THE PERIOD 10 OCTOBER 2017 TO 31 AUGUST 2018

Distribution in pence per share

INTERIM

Group 1: Shares purchased prior to 10 October 2017

Group 2: Shares purchased between 10 October 2017 and 28 February 2018

	Net income	Equalisation	Distribution paid 30/04/18
Class R Accumulation			
Group 1	0.3945	–	0.3945
Group 2	0.3941	0.0004	0.3945

FINAL

Group 1: Shares purchased prior to 1 March 2018

Group 2: Shares purchased between 1 March 2018 and 31 August 2018

	Net income	Equalisation	Distribution payable 31/10/18
Class M Accumulation*			
Group 1	1.1211	–	1.1211
Group 2	0.2586	0.8625	1.1211
Class M Income*			
Group 1	1.1167	–	1.1167
Group 2	0.1920	0.9247	1.1167
Class R Accumulation			
Group 1	1.4701	–	1.4701
Group 2	1.4701	0.0000	1.4701

The Fund launched on 10 October 2017 so there are no comparatives for any of the distribution periods.

*The share class launched on 5 March 2018.

FACT FILE

Constitution

Royal London European Opportunities Fund

Launch date		30 October 2009	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class M	nil
	Annual	Class M	0.70%

Royal London UK Mid Cap Growth Fund

Launch date		30 October 2009	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
Minimum investment	Class M	£100,000 (thereafter £1,000)	
	Class Z	£25,000,000 (thereafter £50,000)	
Management charges:	Initial	Class M	nil
		Class Z	nil
	Annual	Class M	0.70%
		Class Z	0.55%

Royal London UK Opportunities Fund

Launch date		30 October 2009	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
Minimum investment	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class M	nil
	Annual	Class M	0.70%

Royal London Japan Tracker Fund

Launch date		26 February 2010	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class Z	£1,000,000 (thereafter £50,000)	
Management charges:	Initial	Class Z	nil
	Annual	Class Z	0.20%

Royal London FTSE® 350 Tracker Fund

Launch date		26 February 2010	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class Z Acc	£500,000 (thereafter £50,000)	
	Class Z Inc	£1,000 (thereafter £100)	
Management charges:	Initial	Class Z Acc	nil
		Class Z Inc	nil
	Annual	Class Z Acc	0.10%
		Class Z Inc	0.10%

Royal London UK All Share Tracker Fund

Launch date		26 February 2010	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class Z	£1,000,000 (thereafter £50,000)	
Management charges:	Initial	Class Z	nil
	Annual	Class Z	0.10%

Royal London US Tracker Fund

Launch date		26 February 2010	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
Minimum investment	Class Z	£500,000 (thereafter £50,000)	
Management charges:	Initial	Class Z	nil
	Annual	Class Z	0.20%

Royal London European Growth Fund

Launch date		30 April 2010	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class A	£1,000 (thereafter £100)	
	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class A	nil
		Class M	nil
	Annual	Class A	1.25%
		Class M	0.62%

FACT FILE (CONTINUED)

Constitution – continued

Royal London UK Dividend Growth Fund

Launch date	30 April 2010		
Accounting end dates	31 August (final) Last day of February (interim)		
Distribution dates	31 October (final) 31 January (interim)* 30 April (interim) 31 July (interim)*		
* with effect 2018			
Minimum investment	Class A	£1,000 (thereafter £100)	
	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class A	nil
		Class M	nil
	Annual	Class A	1.25%
		Class M	0.62%

From July 2018, the Fund will pay quarterly distributions with the first such additional distributions being paid, or accumulated, on 31 July.

Royal London UK Equity Income Fund

Launch date	5 November 2010		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
	31 January (interim)		
	30 April (interim)		
	31 July (interim)		
Minimum investment	Class A	£1,000 (thereafter £100)	
	Class M	£100,000 (thereafter £1,000)	
	Class Z	£25,000,000 (thereafter £50,000)	
Management charges:	Initial	Class A	nil
		Class M	nil
		Class Z	nil
	Annual	Class A	1.25%
		Class M	0.62%
		Class Z	0.55%

Royal London UK Equity Fund

Launch date	5 November 2010		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
	30 April (interim)		
Minimum investment	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class M	nil
	Annual	Class M	0.62%

Royal London UK Smaller Companies Fund

Launch date	5 November 2010		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
	30 April (interim)		
Minimum investment	Class M	£100,000 (thereafter £1,000)	
Management charges:	Initial	Class M	nil
	Annual	Class M	0.70%

Royal London Asia Pacific ex Japan Tracker Fund

Launch date	5 November 2010		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
	30 April (interim)		
Minimum investment	Class Z	£1,000,000 (thereafter £50,000)	
Management charges:	Initial	Class Z	nil
	Annual	Class Z	0.20%

Royal London Europe ex UK Tracker Fund

Launch date	4 June 2013		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
	30 April (interim)		
Minimum investment	Class Z	£1,000,000 (thereafter £50,000)	
Management charges:	Initial	Class Z	nil
	Annual	Class Z	0.18%

Royal London Emerging Markets Equity Tracker Fund

Launch date	12 June 2017		
Accounting end dates	31 August (final)		
	Last day of February (interim)		
Distribution dates	31 October (final)		
Minimum investment	Class R	n/a	
	Class Z	£1,000,000 (thereafter £50,000)	
Management charges:	Initial	Class R	nil
		Class Z	nil
	Annual	Class R	nil
		Class Z	0.25%

FACT FILE (CONTINUED)

Constitution – continued

Royal London Global Equity Diversified Fund

Launch date		10 October 2017	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
Management charges:	Initial	Class M	nil
		Class R	nil
	Annual	Class M	0.30%
		Class R	nil

Royal London Global Equity Select Fund

Launch date		10 October 2017	
Accounting end dates		31 August (final)	
		Last day of February (interim)	
Distribution dates		31 October (final)	
		30 April (interim)	
Minimum investment	Class M	£100,000 (thereafter £1,000)	
	Class R	n/a	
Management charges:	Initial	Class M	nil
		Class R	nil
	Annual	Class M	0.60%
		Class R	nil

FACT FILE (CONTINUED)

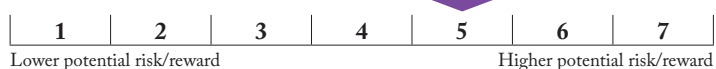
Investment Objectives and Policies

Royal London European Opportunities Fund

Achieve capital growth by investing in a concentrated portfolio of predominantly European company shares with the potential for above average growth.

The Fund may also invest in other transferable securities, collective investment schemes, government and public securities, deposits and cash (for the purposes of Efficient Portfolio Management and redemption of units). It may hold derivatives for the purposes of Efficient Portfolio Management only.

Risk and Reward Profile



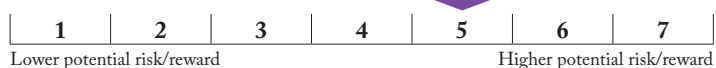
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK Mid Cap Growth Fund

Achieve maximum capital growth over the medium to long term, mainly through the investment in medium-sized UK companies. The remainder of investments may consist of larger or smaller companies and Exchange Traded Funds as the manager deems strategically appropriate.

The Fund may hold transferable securities, Exchange Traded Funds, and cash. It may also hold derivatives and forward transactions for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



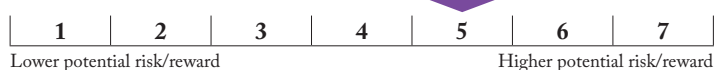
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK Opportunities Fund

Achieve capital growth by exploiting a concentrated portfolio of UK company shares with the potential for above average returns.

The Fund may hold transferable securities and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



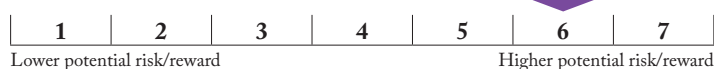
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London Japan Tracker Fund

Achieve the capital return of the FTSE® World Japan Index by investment primarily in the securities that make up the FTSE® World Japan Index.

The Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



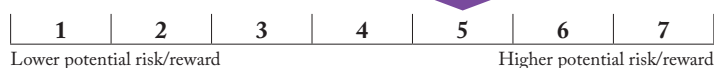
The Fund is ranked in risk category 6 because its share price has shown a high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London FTSE® 350 Tracker Fund

Achieve the total return of the FTSE® 350 Index by investing primarily in the securities that make up the FTSE® 350 Index.

The Fund may hold transferable securities (including Exchange Traded Funds which are closed ended Funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK All Share Tracker Fund

Achieve long term total return from capital and income through investment in UK equities from within the FTSE® All-Share Index.

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

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

FACT FILE (CONTINUED)

Investment Objectives and Policies – continued

Royal London US Tracker Fund

Achieve the capital return of the FTSE® World US Index by investing primarily in the securities that make up the FTSE® World US Index.

The Fund may hold transferable securities (including Exchange Traded Funds which are closed ended funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



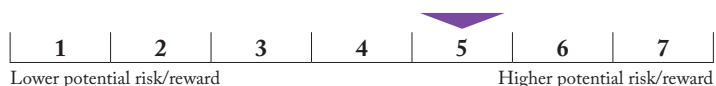
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London European Growth Fund

Achieve capital growth by investing predominantly in quoted European equities.

The Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK Dividend Growth Fund*

Actively seek capital growth through investing predominantly in UK equities.

The Fund may hold transferable securities, including Exchange Traded Funds (but not those that are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

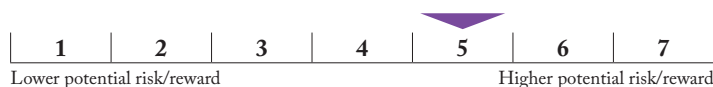
* The investment objective changed with effect 15 January 2018.

Royal London UK Equity Income Fund

Achieve a combination of income and some capital growth by investing mainly in UK higher yielding and other equities, as well as convertible stocks.

The Fund may hold transferable securities (including Exchange Traded Funds which are closed ended funds but not those which are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



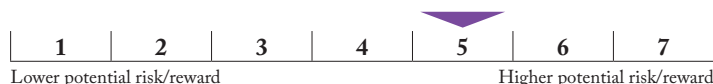
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK Equity Fund

Achieve capital growth by investing primarily in a broad portfolio of quoted UK stocks and shares.

The Fund may hold transferable securities, including Exchange Traded Funds (including those that are closed ended funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



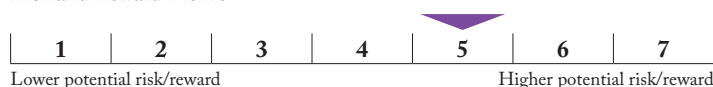
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London UK Smaller Companies Fund

Achieve capital growth by investing primarily in UK smaller companies.

The Fund may hold transferable securities, including Exchange Traded Funds (including those that are closed ended funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

FACT FILE (CONTINUED)

Investment Objectives and Policies – continued

Royal London Asia Pacific ex Japan Tracker Fund

Achieve the capital return of the FTSE® World Asia Pacific ex Japan Index by investment primarily in the securities that make up the FTSE® World Asia Pacific ex Japan Index.

The Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



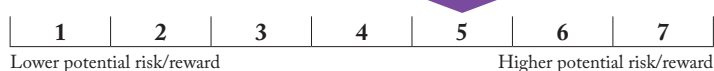
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London Europe ex UK Tracker Fund

Achieve the capital return of the FTSE® World Europe ex UK Index by investment primarily in the securities that make up the FTSE® World Europe ex UK Index.

The Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of units). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London Emerging Markets Equity Tracker Fund

Achieve the capital return of the MSCI Emerging Markets ESG Index.

The Fund will invest primarily in the securities that make up the MSCI Emerging Markets ESG Index and instruments that provide exposure to these securities.

The Fund may obtain this indirect exposure to emerging markets by investing in American Depositary Receipts, American Depositary Shares, Global Depositary Receipts and Global Depositary Shares, which are listed or traded on stock exchanges and regulated markets outside emerging markets. The Fund may also obtain exposure to emerging markets by investing in Participatory Notes. The Fund may also invest in cash and near cash, money market instruments, government and public securities, other transferable securities and other collective investment schemes (including Exchange Traded Funds). The Fund may hold derivatives for the purposes of EPM only.

Risk and Reward Profile



The Fund is ranked in risk category 6 because its share price has shown a high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

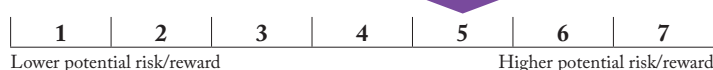
Royal London Global Equity Diversified Fund

Achieve long term capital growth. The Fund will aim to outperform the MSCI World Net Total Return index by 0.4-0.8% p.a. over rolling three year periods (net of fees).

The Fund will invest at least 90% in a diversified portfolio of global equities. The Fund's holdings will be diversified by country and by sector. The equities in which the Fund invests may be from both developed and emerging market countries and from any sector or industry and of any market capitalisation. Country and sector exposures within the Fund will be broadly in line with the index weights.

The Fund may also invest in other transferable securities, money market instruments, collective investment schemes, exchange traded funds, deposits and cash. The collective investment schemes invested in may include those operated by the ACD. The Fund may also use derivatives for Efficient Portfolio Management.

Risk and Reward Profile



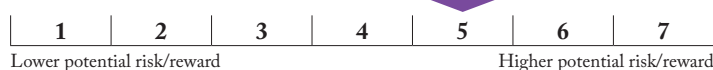
The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

Royal London Global Equity Select Fund

Achieve long term capital growth. The Fund will aim to outperform the MSCI World Net Total Return index by 2.5% p.a. over rolling three year periods (net of fees). The Fund will invest predominantly in a concentrated portfolio of global equities.

The Fund is actively managed and is not constrained by the constituents or weightings of the benchmark index. The equities in which the Fund invests may be from both developed and emerging market countries, from any sector or industry and of any market capitalisation. The investment manager expects that the Fund will generally hold between 25-45 equities at any one time. The Fund may also invest in other transferable securities, money market instruments, collective investment schemes, exchange traded funds, deposits and cash. The collective investment schemes invested in may include those operated by the ACD. The Fund may also use derivatives for Efficient Portfolio Management.

Risk and Reward Profile



The Fund is ranked in risk category 5 because its share price has shown a medium to high level of volatility historically. As an investment, shares are more volatile than money market instruments and bonds.

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

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

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED)

Securities Financing Transactions

The Funds engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Funds' involvement in and exposures related to securities lending for the year ended 31 August 2018 are detailed below.

Royal London European Opportunities Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	5.69%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£25,186,385	5.50%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Apple	5,700	987
Royal Bank of Scotland	398,682	972
Mastercard	5,900	971
Alphabet	1,000	965
France Government 4.25% 25/10/2023	853,829	963
HP	50,300	957
RSA Insurance	151,245	953
Amazon.com	600	924
Quest Diagnostics	10,900	924
Royal Dutch Shell 'B'	35,496	921

All counterparties

Counterparty	Gross volume of outstanding transactions	Fair value £'000
Natixis		9,269
Bank of Nova Scotia		9,108
Credit Suisse Securities (Europe) Limited		6,612
Morgan Stanley & Co International		197
		25,186

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	23,924
Bonds	Investment grade	2,954
		26,878

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	26,878
	26,878

Currency of collateral

Currency	Fair value £'000
Sterling	6,173
Euro	4,982
Hong Kong dollar	2,058
Japanese yen	3,773
Swedish krona	921
US dollar	8,971
	26,878

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	25,186
	25,186

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	100	
Agents fee	(20)	20.00%
Fund net return	80	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK Mid Cap Growth Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	7.03%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£28,705,717	6.80%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV FTSE® 100	7,592,604	7,593
Federal Republic of Germany 4.75% 4/7/2034	3,730,000	5,434
Etablissements Franz Colruyt	30,420	1,398
Amazon.com	900	1,387
Imperial Brands	41,435	1,140
Royal Dutch Shell 'B'	42,527	1,104
Coca-Cola	39,724	1,046
Boeing	3,800	1,014
HollyFrontier	16,700	959
Shire	19,026	859

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Bank of Nova Scotia	13,211
Santander	7,299
Goldman Sachs International	6,047
JP Morgan Securities	1,680
Natixis	441
HSBC Bank	28
	28,706

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	22,364
Bonds	Investment grade	7,862
		30,226

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	30,226
	30,226

Currency of collateral

Currency	Fair value £'000
Sterling	15,903
Euro	9,521
Hong Kong dollar	259
Japanese yen	329
Swiss franc	43
US dollar	4,171
	30,226

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	28,706
	28,706

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	56	
Agents fee	(11)	20.00%
Fund net return	45	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK Opportunities Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	6.85%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£52,753,444	6.69%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV FTSE® 100	17,975,337	17,975
Rolls-Royce	303,797	3,088
3i Group	339,276	3,088
AXA	157,105	3,084
easyJet	199,427	3,048
Tesco	1,231,851	3,014
Shire	66,147	2,985
Amazon.com	1,600	2,465
RLX	137,045	2,357
Royal Bank of Scotland	691,675	1,687

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Bank of Nova Scotia	28,173
Santander	17,112
JP Morgan Securities	3,480
Citigroup	2,531
Goldman Sachs International	1,183
ABN Amro Bank	274
	52,753

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	55,056
Bonds	Investment grade	1,536
		56,592

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	56,592
	56,592

Currency of collateral

Currency	Fair value £'000
Sterling	38,604
Euro	9,841
Japanese yen	84
Swiss franc	73
US dollar	7,990
	56,592

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	52,753
	52,753

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	35	
Agents fee	(7)	20.00%
Fund net return	28	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Japan Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	12.84%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£157,246,878	12.72%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Shiseido	86,600	4,701
Citigroup	83,800	4,607
British Sky Broadcasting	286,433	4,425
Luxottica	80,468	4,145
Government of Japan 0.6% 20/12/2023	516,400,000	3,713
Generali	273,524	3,554
Chugai Pharmaceuticals	73,300	3,275
Shire	65,480	2,955
US Treasury 3.625% 15/08/2019	3,707,500	2,889
Showa Denko KK	69,000	2,533

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Credit Suisse Dublin Branch	44,314
Societe Generale	40,521
Credit Suisse Securities (Europe) Limited	16,868
Bank of Nova Scotia	10,099
Natixis	10,021
JP Morgan Securities	9,759
Macquarie Bank	8,514
HSBC Bank	7,918
Morgan Stanley & Co International	3,376
Citigroup Global Markets	2,459
Skandinaviska Enskilda Banken	1,686
UBS	1,350
Goldman Sachs	184
BNP Paribas Arbitrage	178
	157,247

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	128,724
Bonds	Investment grade	38,614
		167,338

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	167,338
	167,338

Currency of collateral

Currency	Fair value £'000
Sterling	37,973
Danish krone	38
Euro	38,125
Hong Kong dollar	10,514
Japanese yen	36,826
Norwegian krone	508
Swedish krona	3,232
Swiss franc	2,371
US dollar	37,751
	167,338

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	157,247
	157,247

Country in which counterparties are established

Counterparty	
UK	112,933
Ireland	44,314
	157,247

Return and cost

	£'000	% of overall returns
Fund gross return	552	
Agents fee	(110)	20.00%
Fund net return	442	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London FTSE® 350 Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	8.62%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£535,117,837	8.50%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV Unstripped BGS on an Equity Participant	150,761,486	150,761
DBV FTSE® @ 100 (ANTS)	121,170,468	121,170
DBV FTSE® @ 100 (AMRO)	10,077,126	10,077
Shire	212,936	9,610
Coca-Cola	364,463	9,593
Amazon.com	6,200	9,552
National Grid	1,143,292	9,247
BAE Systems	1,214,861	7,435
Intesa Sanpaolo	3,816,795	7,366
Reed Elsevier	404,047	6,974

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	142,650
Santander	114,808
Bank of Nova Scotia	90,459
JP Morgan Securities	68,829
Natixis	42,212
Credit Suisse Dublin Branch	17,981
Skandinaviska Enskilda Banken	15,605
UBS	10,152
ABN Amro Bank	9,549
Credit Suisse Securities (Europe) Limited	6,484
Goldman Sachs International	5,835
Societe Generale	5,439
Morgan Stanley & Co International	5,115
	535,118

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	534,399
Bonds	Investment grade	34,288
		568,687

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	568,687
	568,687

Currency of collateral

Currency	Fair value £'000
Sterling	360,376
Canadian dollar	282
Euro	82,266
Hong Kong dollar	30,816
Japanese yen	30,662
Swedish krona	1,880
Swiss franc	443
US dollar	61,962
	568,687

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	535,118
	535,118

Country in which counterparties are established

Counterparty	
United Kingdom	517,137
Ireland	17,981
	535,118

Return and cost

	£'000	% of overall returns
Fund gross return	1,776	
Agents fee	(355)	20.00%
Fund net return	1,421	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK All Share Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	3.78%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£20,029,649	3.67%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Holding	Collateral
		Fair value £'000
DBV Unstripped BGS on an Equity Participant	7,360,823	7,361
DBV FTSE® 100	2,528,627	2,529
Germany 5.50% 04/01/2031	450,000	661
UK Treasury 5.50% 12/07/2030	360,968	495
Shire	9,622	434
Holly Frontier	7,500	431
France Government 3.250% 25/10/2021	407,112	416
Chevron	4,500	415
3i Group	43,993	400
ETS Franz Colruy	8,667	398

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	6,927
Bank of Nova Scotia	4,055
Santander	2,369
Natixis	2,346
Goldman Sachs	1,367
JP Morgan Securities	1,102
Macquarie Bank	884
UBS	444
ABN Amro Bank	236
Societe Generale	229
Credit Suisse Securities (Europe) Limited	71
	20,030

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	19,506
Bonds	Investment grade	2,693
		22,199

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	22,199
	22,199

Currency of collateral

Currency	Fair value £'000
Sterling	13,614
Euro	3,343
Hong Kong dollar	891
Japanese yen	1,623
Swedish krona	233
Swiss franc	2
US dollar	2,493
	22,199

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	20,030
	20,030

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	148	
Agents fee	(30)	20.00%
Fund net return	118	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London US Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	8.38%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£478,274,040	8.33%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
National Grid	1,890,032	15,287
Shire	325,910	14,708
British American Tobacco	333,617	12,606
UK Treasury 1.875% 22/11/2022	7,373,251	11,901
Royal Bank of Scotland	4,807,667	11,726
Standard Life Aberdeen	3,606,798	11,466
Government of France 3.25% 25/10/2021	11,128,598	11,383
Coca-Cola	432,359	11,380
Government of Japan 01/10/2019	1,607,650,000	11,161
Apple	56,800	9,834

All counterparties

Counterparty	Gross volume of outstanding transactions	Fair value £'000
HSBC Bank		136,133
Bank of Nova Scotia		105,851
Societe Generale		77,812
UBS		76,993
Natixis		64,082
Credit Suisse Dublin Branch		10,440
JP Morgan Securities		4,043
Credit Suisse Securities (Europe) Limited		2,920
		478,274

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	414,667
Bonds	Investment grade	106,828
		521,495

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	521,495
	521,495

Currency of collateral

Currency	Fair value £'000
Sterling	242,521
Canadian dollar	2,723
Danish krone	102
Euro	109,486
Hong Kong dollar	6,458
Japanese yen	41,464
Norwegian krone	1,610
Swedish krona	1,108
Swiss franc	751
US dollar	115,272
	521,495

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	478,274
	478,274

Country in which counterparties are established

Counterparty	
United Kingdom	467,834
Ireland	10,440
	478,274

Return and cost

	£'000	% of overall returns
Fund gross return	754	
Agents fee	(151)	20.00%
Fund net return	603	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London European Growth Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	2.98%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£26,782,372	2.90%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Japan 2.2% 20/06/2024	306,400,000	2,412
Japan 2.2% 20/03/2049	242,800,000	2,316
UK Treasury 1.875% 22/11/2022	720,061	1,162
Federal Republic of Germany 4.75% 04/07/2028	886,090	1,141
Government of Austria 3.50% 15/09/2021	1,050,000	1,084
Otsuka Holdings	28,700	1,038
Kao	17,300	1,035
British Sky Broadcasting	66,934	1,034
Bridgestone	36,300	1,031
Bank of China	2,957,000	1,023

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Morgan Stanley & Co International	11,455
Credit Suisse Securities (Europe) Limited	9,712
HSBC Bank	4,387
Natixis	1,119
Skandinaviska Enskilda Banken	109
	26,782

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	14,530
Bonds	Investment grade	15,254
		29,784

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	29,784
	29,784

Currency of collateral

Currency	Fair value £'000
Sterling	5,138
Danish krone	51
Euro	7,895
Hong Kong dollar	1,445
Japanese yen	11,552
Norwegian krone	8
Swedish krona	51
Swiss franc	142
US dollar	3,502
	29,784

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	26,782
	26,782

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	140	
Agents fee	(28)	20.00%
Fund net return	112	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK Dividend Growth Fund (Formerly Royal London UK Growth Fund)

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	5.19%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£42,961,124	5.08%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV FTSE® 100	19,296,900	19,297
Germany 4.75% 15/7/2024	1,700,000	1,699
Shire	29,656	1,338
Royal Bank of Scotland	548,773	1,338
3i Group	138,165	1,257
Amazon.com	800	1,232
Reed Elsevier	70,117	1,210
Tesco	493,129	1,207
BHP Billiton	71,188	1,186
Germany 6.25% 04/1/2030	751,000	1,138

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Banco Santander	18,655
Bank of Nova Scotia	12,370
JP Morgan Securities	8,644
Goldman Sachs International	3,198
HSBC Bank	94
	42,961

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	22,557
Bonds	Investment grade	22,684
		45,241

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	45,241
	45,241

Currency of collateral

Currency	Fair value £'000
Sterling	28,840
Euro	6,891
Hong Kong dollar	5,570
Japanese yen	434
US dollar	3,506
	45,241

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	42,961
	42,961

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	286	
Agents fee	(57)	20.00%
Fund net return	229	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK Equity Income Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	5.45%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£109,241,981	5.34%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV FTSE® 100	86,867,842	86,868
DBV Unstripped BGS on an Equity Participant	9,814,077	9,814
Apple	8,900	1,541
Progressive	29,300	1,514
Treasury 2.25% 7/9/2023	1,419,812	1,503
Bayer	20,388	1,487
Government of France 4.25% 25/10/2023	1,310,988	1,479
Treasury 4.75% 7/12/2030	1,075,355	1,476
Government of France 1.75% 25/5/2023	1,507,225	1,476
Anheuser-Busch InBev	20,027	1,475

All counterparties

Counterparty	Gross volume of outstanding transactions	
		Fair value £'000
Santander		83,603
Natixis		14,665
HSBC Bank		9,450
Bank of Nova Scotia		1,121
Credit Suisse Securities (Europe) limited		291
ABN Amro Bank		112
		109,242

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	107,590
Bonds	Investment grade	6,051
		113,641

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	113,641
	113,641

Currency of collateral

Currency	Fair value £'000
Sterling	100,849
Euro	6,974
Hong Kong dollar	84
Japanese yen	1,457
US dollar	4,277
	113,641

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	109,242
	109,242

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	177	
Agents fee	(35)	20.00%
Fund net return	142	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London UK Equity Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	1.29%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£8,594,896	1.26%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
DBV FTSE® 100	2,599,279	2,599
France Government 1.75% 25/11/2024	655,000	654
Japan Government 0.8% 20/12/2022	57,450,000	414
British Sky Broadcasting	26,796	414
Generali	31,824	414
Whitbread	10,104	406
Experian	20,784	402
Standard Chartered	62,190	394
Softbank	5,500	393
Bundesobligation 0.25% 11/10/2019	415,000	376

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Societe Generale	3,821
Santander UK	2,466
Bank of Nova Scotia	1,288
Goldman Sachs International	1,020
	8,595

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	7,270
Bonds	Investment grade	1,954
		9,224

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	9,224
	9,224

Currency of collateral

Currency	Fair value £'000
Sterling	5,438
Euro	1,593
Hong Kong dollar	65
Japanese yen	1,825
US dollar	303
	9,224

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	8,595
	8,595

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	35	
Agents fee	(7)	20.00%
Fund net return	28	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Asia Pacific ex Japan Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	10.81%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£90,745,484	10.31%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
UK Treasury 0.625% 22/3/2040	1,951,711	3,976
France Government of 1.75% 25/11/2024	3,905,000	3,900
Belgium Kingdom of 3% 22/6/2034	3,153,046	3,580
France Government of 4.25% 25/4/2024	3,420,000	3,202
Germany 0.25% 11/10/2019	3,150,000	2,854
British Sky Broadcasting	166,128	2,567
China Construction Bank	3,353,000	2,284
Netherlands Government of 1.75% 15/7/2023	2,133,394	2,096
Austria Republic of 1.15% 19/10/2018	1,893,000	1,715
Intesa	887,676	1,713

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Credit Suisse Securities	24,006
BNP Paribas	16,149
Goldman Sachs International	9,634
JP Morgan Securities	9,604
Credit Suisse Securities (Dublin)	8,356
Macquarie Bank	5,255
HSBC Bank	4,833
Bank of Nova Scotia	4,056
UBS AG	4,015
Societe Generale	2,391
Natixis	1,482
Morgan Stanley Securities	964
	90,745

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	60,175
Bonds	Investment grade	39,830
		100,005

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	100,005
	100,005

Currency of collateral

Currency	Fair value £'000
Sterling	15,676
Canadian dollar	540
Danish krone	32
Euro	46,291
Hong Kong dollar	15,166
Japanese yen	9,589
Norwegian krone	122
Swedish krona	513
US dollar	12,076
	100,005

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	90,745
	90,745

Country in which counterparties are established

Counterparty	
United Kingdom	82,389
Ireland	8,356
	90,745

Return and cost

	£'000	% of overall returns
Fund gross return	665	
Agents fee	(133)	20.00%
Fund net return	532	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Europe ex UK Tracker

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	9.31%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£66,214,083	9.21%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Shire	108,243	4,885
Apple	18,300	3,168
National Grid	353,739	2,861
ING Groep	264,822	2,800
Airbus	24,727	2,412
Federal Government of Belgium 3.75% 22/6/2045	1,768,107	2,338
Alphabet	2,300	2,220
UK Treasury 0.75% 22/11/2047	817,539	2,036
Federal Government of Belgium 5.00% 28/3/2035	1,395,319	1,988
RSA Insurance	281,628	1,774

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	26,662
Bank of Nova Scotia	16,555
Natixis	8,027
Morgan Stanley & Co International	7,005
Credit Suisse Securities (Europe) Limited	2,452
UBS	2,331
Skandinaviska Enskilda Banken	1,248
BNP Paribas Arbitrage	947
JP Morgan Securities	581
Goldman Sachs	406
	66,214

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	47,981
Bonds	Investment grade	24,596
		72,577

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	72,577
	72,577

Currency of collateral

Currency	Fair value £'000
Sterling	27,142
Danish krone	90
Euro	26,437
Hong Kong dollar	1,182
Japanese yen	7,416
Norwegian krone	337
Swedish krona	671
US dollar	9,302
	72,577

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	66,214
	66,214

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	143	
Agents fee	(29)	20.00%
Fund net return	114	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Emerging Markets Equity Tracker Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	1.94%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£18,589,240	1.88%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Shire	32,714	1,476
National Grid	109,995	890
Sky	43,655	674
Microsoft	7,600	655
Amazon.com	400	616
Intesa San Paolo	256,646	495
Deutsche Boerse	4,009	430
Royal Dutch Shell B (GBP)	16,545	429
Boeing	1,600	427
Align Technology	1,400	417

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
HSBC Bank	4,269
Bank of Nova Scotia	4,255
BNP Paribas	3,333
UBS	2,895
Citigroup Global Markets	2,552
Societe Generale	1,285
	18,589

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	17,239
Bonds	Investment grade	2,690
		19,929

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	19,929
	19,929

Currency of collateral

Currency	Fair value £'000
Sterling	6,073
Danish krone	369
Euro	4,873
Hong Kong dollar	732
Japanese yen	1,221
Norwegian krone	307
Swedish krona	44
US dollar	6,310
	19,929

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	18,589
	18,589

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	75	
Agents fee	(15)	20.00%
Fund net return	60	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Global Equity Diversified Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	3.28%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£4,263,439	3.26%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Showa Denko KK	5,200	191
Evergy	4,300	190
Microsoft	2,200	189
Abbvie	2,500	186
Softbank	2,600	186
Amgen	1,200	185
Toto	4,000	130
British Sky Broadcasting	8,438	130
Royal Bank of Scotland	53,021	129
RSA Insurance	20,532	129

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
UBS	1,824
Bank of Nova Scotia	1,221
Societe Generale	1,218
	4,263

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	4,369
Bonds	Investment grade	140
		4,509

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	4,509
	4,509

Currency of collateral

Currency	Fair value £'000
Sterling	1,203
Euro	413
Hong Kong dollar	82
Japanese yen	966
US dollar	1,845
	4,509

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	4,263
	4,263

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return	1	
Agents fee	–	20.00%
Fund net return	1	80.00%

APPENDIX – ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

Securities Financing Transactions – continued

Royal London Global Equity Select Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 3.

Global data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	0.04%

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£4,313,397	0.04%

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £'000
Zurich Insurance	1,390	329
Ing Groep	30,942	327
Deutsche Post	11,549	327
Total	6,686	327
Akzo Nobel	4,484	327
Allianz	1,967	327
Apple	1,800	312
Alphabet	300	290
Government of France 4.25% 25/10/2023	244,951	276
Coca-Cola	8,496	224

All counterparties

Counterparty	Gross volume of outstanding transactions	Fair value £'000
Bank of Nova Scotia		2,103
UBS AG		1,977
Natixis		233
		4,313

Aggregate transaction data

Type and quality of collateral

Type	Quality*	Fair value £'000
Equities	n/a	7,252
Bonds	Investment grade	375
		7,627

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £'000
Rolling Maturity	7,627
	7,627

Currency of collateral

Currency	Fair value £'000
Sterling	1,582
Euro	2,521
Swiss franc	598
Japanese yen	626
US dollar	2,300
	7,627

Maturity tenor of SFTs

Maturity	Fair value £'000
Rolling Maturity	4,313
	4,313

Country in which counterparties are established

Counterparty
All counterparties are UK based

Return and cost

	£'000	% of overall returns
Fund gross return^	1	
Agents fee^	–	20.00%
Fund net return^	1	80.00%

^ Value below £500

REMUNERATION POLICY (UNAUDITED)

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

The Remuneration Policy is in line with the business strategy, objectives and values of the ACD and the interests of the Royal London Equity Funds ICVC and the investors in the ICVC and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff of the ACD whose professional activities have a material impact on the risk profile of the ACD or the ICVC, and ensures that an individual cannot be involved in determining or approving their own remuneration. The Remuneration Policy will be reviewed and updated annually by the board of directors of the ACD (the “Board of Directors”). Details of the up-to-date Remuneration Policy (provided in the form of the “UCITS Summary Remuneration Policy”), include a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee (if any). The UCITS Summary Remuneration Policy is available on the ACD’s website and a paper copy may be obtained, free of charge, at the registered office of the ACD, upon request.

RLUTM must identify its code staff, whose professional activities have a material impact on the risk profiles of RLUTM and the Fund. Code staff includes senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. The Remuneration Policy outlines how fixed and variable remuneration is calculated, which includes, but not limited to:

- an assessment of the individual member of staff’s performance, the relevant Fund, the business unit and its risks;
- restrictions on the awarding of guaranteed variable remuneration;
- the balance between fixed and variable remuneration;
- payment of non-financial remuneration in the form of units or shares in the UCITS funds the Authorised Unit Trust Manager manages;
- a mandatory deferral period of at least 3 years for the payment of a substantial portion of the variable remuneration component; and
- the reduction or cancellation of remuneration in the case of under-performance.

RLUTM has a board of directors (the “Directors”). The Directors have waived their entitlement to receive a director’s fee from RLUTM. RLUTM has no employees and therefore there are no other controlled functions, or senior management employed and paid by RLUTM. In addition, the ICVC does not make any payments directly to any staff of the delegates. However, for the financial year ending 31 December 2017, total remuneration of £4,566,185 was paid to 9 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £3,756,725 related to senior management. The fixed element of the total remuneration mentioned above is £2,082,000 and the variable element is £2,484,185.

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

RLAM is also subject to the Financial Conduct Authority’s Remuneration Codes.

GENERAL INFORMATION

Pricing and Dealing

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

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

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

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

Buying Shares

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

Selling Shares

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

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

Cancellation Rights

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

UK Taxation

The Company is not subject to Capital Gains Tax.

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

Investors receive a distribution of net revenue with tax credit equivalent to the lower rate of income tax. Where the distribution is retained within a sub-fund and not paid out it should be included in investors' Income Tax Return. No further liability exists if they pay at the lower or basic rate, but higher rate tax will be payable as appropriate. If investors are not liable to tax they are unable to claim repayment of the tax credit from HM Revenue & Customs. The treatment of distributions as received by corporate shareholders is detailed on the reverse of dividend warrants. The first distribution received after purchasing shares includes an amount described as 'equalisation'. This is a repayment of capital and is therefore not liable to Income Tax. It should, however, be deducted from the initial cost of shares for Capital Gains Tax purposes.

Commission

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

Authorisation

The Company was authorised by the Financial Conduct Authority on 9 October 2009. The Company is a UCITS umbrella scheme.

Company Reports and Prospectus

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



All rights in the FTSE Indices mentioned within the Royal London Equity ICVC report and accounts (the "Indices") vest in FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Royal London Equity ICVC Funds (the "Funds") have been developed solely by Royal London Asset Management. The Index is calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Funds and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Funds. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Funds or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

Royal London Asset Management is a brand which includes Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority and which manages collective investment schemes, registered in England and Wales number 2372439.

This company is a subsidiary of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064.
Registered office: 55 Gracechurch Street, London EC3V 0RL.