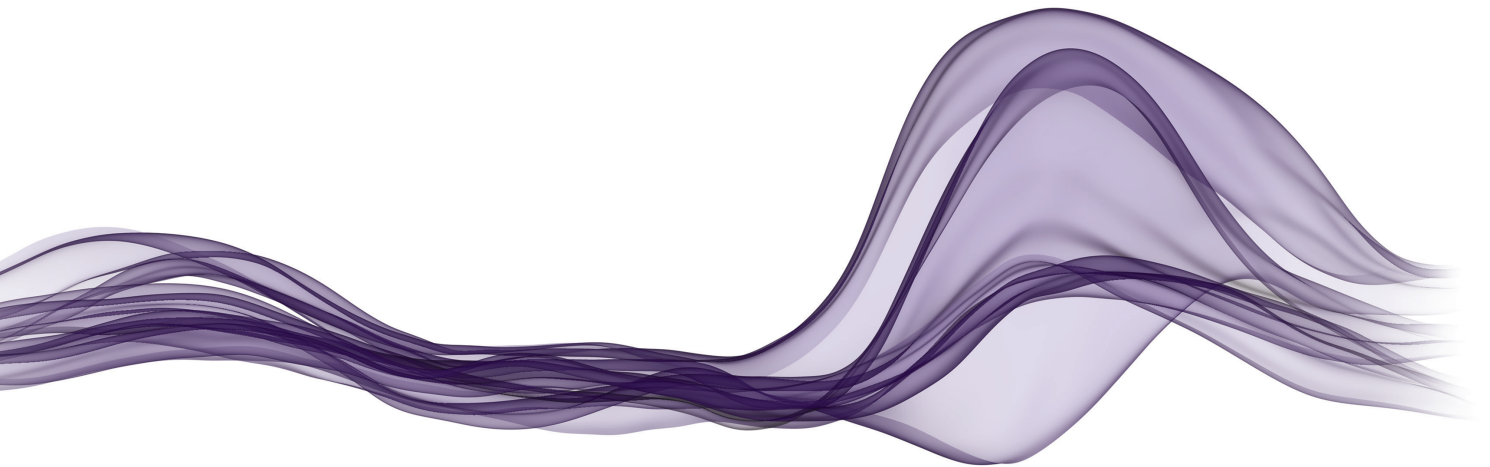


# **Royal London UK Growth Trust**

## **Interim Report**

For the six month period ended 31 January 2024 (unaudited)



## Contents

|  |    |
|--|----|
| Trust Information*   | 3  |
| Manager's Investment Report*                                     | 4  |
| Investment Objective and Policy                                  | 4  |
| Risk and Reward Profile  | 4  |
| Cumulative Performance   | 5  |
| Investment Review and Outlook                                    | 5  |
| Portfolio Statement*   | 7  |
| Summary of Material Portfolio Changes                            | 8  |
| Comparative Table  | 9  |
| Statement of Total Return  | 10 |
| Statement of Change in Net Assets<br>Attributable to Unitholders | 10 |
| Balance Sheet  | 10 |
| Notes to the Financial Statements                                | 11 |
| Distribution Table   | 13 |
| General Information  | 14 |

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

## Trust Information

### Trust Status

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

### Manager

#### RLUM Limited

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

### Directors of the Manager

P. Beamish

P. Bowker

J.M. Brett (Non-executive Director)

J.S. Glen (Chairman)

J.M. JACKSON (Non-executive Director)

### Trustee

#### HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

### Administrator

#### HSBC Securities Services (UK) Limited

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

Authorised and regulated by the Financial Conduct Authority.

### Registrar

#### RLUM Limited

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

The Register may be inspected at:

Churchgate House, 56 Oxford Street, Manchester M1 6EU

### Independent Auditors

#### PricewaterhouseCoopers LLP

#### Chartered Accountants and Statutory Auditors

7 More London Riverside, London SE1 2RT

### Investment Adviser

#### Royal London Asset Management Limited

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

## Manager's Investment Report

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

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

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

### Investment Objective and Policy

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

### Risk and Reward Profile



#### About this indicator

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

#### Investors should note

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

## Manager's Investment Report (continued)

### Cumulative Performance (% change to 31/01/24)

|   | 6 month<br>total<br>return<br>% | 1 year<br>total<br>return<br>% | 3 year<br>total<br>return<br>% | 5 year<br>total<br>return<br>% |
|---|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Royal London UK Growth Trust,<br>Class A Income | 2.15                            | 2.90                           | 17.51                          | 29.04                          |
| FTSE® All-Share Index (Total<br>Return)         | 1.14                            | 1.90                           | 27.46                          | 30.42                          |
| IA UK All Companies TR                          | 1.95                            | 1.94                           | 14.30                          | 23.40                          |

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

Source: Royal London Asset Management Limited and Lipper, as at 31 January 2024. Returns are net of management fees. Investors should note that the total return is calculated on the Trust's official midday price whereas the Trust has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For further information, including ongoing performance and Trust breakdown information, please refer to the latest factsheet at [www.rlam.com](http://www.rlam.com).

### Investment Review and Outlook

#### Performance overview

The Trust returned 2.15% over the six months to 31 January 2024. The Trust continues to seek those companies that can deliver sustained growth despite the challenges of the uncertain economic environment. The factors that we particularly focus upon include the quality of the business model, the strength of the management team, a macroeconomic assessment of where corporates can find the most supportive operating conditions to run a business and finally the valuation that the market puts on the business.

#### Market overview

After eighteen months of concerns regarding rising inflation and upward moves in global interest rates, the six months under review was the first period to demonstrate a consistent decline in inflation and a growing expectation that the next move in interest rates will be downwards.

At the start of the period the horrific events in the Middle East sparked a large sell off in equity markets as investors grew concerned that rising geopolitical tension could result in a significant period of conflict and as a result a sharp rise in the oil price. As it turned out the oil price spiked higher and then was weak for the rest of the year which proved clearly beneficial for corporates and consumers. The main point of interest for investors was the favourable economic data particularly from the US which demonstrated that inflation had peaked and was now clearly declining and at the same time economic growth continued to remain robust, thus avoiding a recession that had been widely predicted post the sharp rise in interest rates. Employment trends have remained resilient across the West and in a higher inflationary world pay rises are now running at a small premium to inflation and thus resulting in a better consumer backdrop than might have been expected.

Markets started to rise from the end of October and finished the year strongly and were given further stimulus in December when the Federal Reserve at one of their monthly meetings discussed the prospects for cutting interest rates in 2024 and concluded that this would be a likely outcome. As markets stand today the expectation is that inflation will generally fall back to 2%, which is the Central Bank target over time and rates will decline later in the year. The risk to this scenario is that inflation proves harder than expected to squeeze out of the system. Factors such as poor demographic trends mean that in certain industries there are skills gaps and employers will need to keep paying above average pay rises to attract talent and thus fuelling inflationary forces. Overall, the change in sentiment on the global economy was the factor that pushed markets higher from a difficult start to the period and we remain watchful for any changes to consensus.

## Manager's Investment Report (continued)

### Investment Review and Outlook – continued

#### Portfolio commentary

Regards the portfolio, we have had a long-time bias towards quality growth stocks and a number of those played out well during the period. The main movers were 3i Group, which is an investment company with the main holding being Action the European discount retailer. As the retailer expands across Europe and builds market share its value continues to grow and this is then reflected in the asset value of 3i Group. We retain a meaningful holding in the company despite its run last year. Sage, the accounting software company was another strong performer as it managed to deliver strong reoccurring revenue growth from its small and medium sized company client base. Finally, RELX the analytics provider performed very strongly reflecting its attractive core business plus the benefits that artificial intelligence can bring to its long-term growth outlook. Regards disappointments Rentokil Initial was the largest as it warned that growth in pest control in the US would be lower than had been expected resulting in a share price fall of greater than 20%. We believe that this is company specific and therefore provides the opportunity for management to fix the problem and hopefully rebuild its rating, however this will take time.

Overall, the portfolio has a bias to longer term growth opportunities, strong business with growing opportunities through the adoption of AI or beneficiaries of the strong economic growth in the US as its economy is reconfigured for the 21st century. Equally we have a number of companies that trade on attractive valuations and have decided the best use for excess cash is to return it to shareholders as they operate in mature industries. Companies in the oil, banks and tobacco sectors would come into that category and compared to the past they are set to deliver improving returns on capital and hence provide some hope that they will deliver improved share price performance going forward.

#### Investment outlook

Going forward we remain positive regards the outlook for corporate profits and hence markets to move higher over time. The introduction of new technologies such as artificial intelligence promises to allow corporates the ability to become more efficient and grow profits at the same time. Inflation has peaked in the short term and at some stage this should allow Central Banks the opportunity to reduce interest rates which will also provide stimulus to global growth. Employment trends have held up surprisingly well and this coupled with the level of real pay rises that we are seeing should go some way to offset higher mortgage costs for many. So despite much uncertainty in the global outlook we continue to put our trust in those corporates that have a strong track record for delivering on behalf of shareholders.

**Joe Walters**

**Trust Manager**

**Royal London Asset Management Limited**

**31 January 2024**

Please note that this commentary is written as at end of the review period. For insights into market events or positioning since then, please go to [www.rlam.com](http://www.rlam.com).

This report covers investment performance, activity and outlook. For a wider look at the Trust, our RLUM Annual Assessment of Value Report March 2023 (published July 2023) is available on [www.rlam.com](http://www.rlam.com).

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

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

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

## Portfolio Statement

As at 31 January 2024

| Holding  | Investment                       | Bid-market value (£'000) | Total net assets (%) |
|--|----------------------------------|--------------------------|----------------------|
| <b>Equities – 99.05% (31/07/23 – 99.35%)</b>       |                                  |                          |                      |
| <b>Oil &amp; Gas – 9.99% (31/07/23 – 9.78%)</b>    |                                  |                          |                      |
| Oil & Gas Producers – 9.99%                        |                                  |                          |                      |
|  | 7,667,044 BP                     | 35,456                   | 3.39                 |
|  | 2,817,433 Shell                  | 68,943                   | 6.60                 |
| <b>Total Oil &amp; Gas</b>                         |                                  | <b>104,399</b>           | <b>9.99</b>          |
| <b>Basic Materials – 7.43% (31/07/23 – 8.73%)</b>  |                                  |                          |                      |
| Chemicals – 1.40%                                  |                                  |                          |                      |
|  | 216,096 Croda International      | 10,383                   | 0.99                 |
|  | 313,167 Victrex                  | 4,265                    | 0.41                 |
| Mining – 6.03%                                     |                                  |                          |                      |
|  | 551,280 Anglo American           | 10,455                   | 1.00                 |
|  | 5,601,044 Glencore               | 23,547                   | 2.26                 |
|  | 526,125 Rio Tinto                | 28,953                   | 2.77                 |
| <b>Total Basic Materials</b>                       |                                  | <b>77,603</b>            | <b>7.43</b>          |
| <b>Industrials – 21.01% (31/07/23 – 19.58%)</b>    |                                  |                          |                      |
| Aerospace & Defence – 2.47%                        |                                  |                          |                      |
|  | 1,210,266 BAE Systems            | 14,245                   | 1.36                 |
|  | 3,841,890 Rolls-Royce            | 11,572                   | 1.11                 |
| Construction & Materials – 0.34%                   |                                  |                          |                      |
|  | 558,563 Marshalls                | 1,566                    | 0.15                 |
|  | 247,494 Travis Perkins           | 1,954                    | 0.19                 |
| General Industrials – 1.06%                        |                                  |                          |                      |
|  | 3,912,839 Smith (DS)             | 11,058                   | 1.06                 |
| Electronic & Electrical Equipment – 1.09%          |                                  |                          |                      |
|  | 307,511 Spectris                 | 11,378                   | 1.09                 |
| Industrial Engineering – 2.57%                     |                                  |                          |                      |
|  | 567,711 Hill & Smith             | 10,639                   | 1.02                 |
|  | 158,763 IMI                      | 2,675                    | 0.26                 |
|  | 134,965 Spirax-Sarco Engineering | 13,503                   | 1.29                 |
| Industrial Transportation – 0.63%                  |                                  |                          |                      |
|  | 184,874 Clarkson                 | 6,563                    | 0.63                 |
| Support Services – 12.85%                          |                                  |                          |                      |
|  | 644,983 Ashtead Group            | 33,552                   | 3.20                 |
|  | 531,959 Bunzl                    | 17,103                   | 1.64                 |
|  | 492,734 Diploma                  | 16,053                   | 1.54                 |
|  | 912,148 Experian                 | 30,064                   | 2.88                 |
|  | 2,186,607 Howdens Joinery        | 17,550                   | 1.68                 |
|  | 3,928,789 Rentokil Initial       | 16,037                   | 1.54                 |
|  | 498,134 RS Group                 | 3,912                    | 0.37                 |
| <b>Total Industrials</b>                           |                                  | <b>219,424</b>           | <b>21.01</b>         |
| <b>Consumer Goods – 10.94% (31/07/23 – 12.24%)</b> |                                  |                          |                      |
| Beverages – 1.42%                                  |                                  |                          |                      |
|  | 519,412 Diageo                   | 14,855                   | 1.42                 |
| Food Producers – 2.42%                             |                                  |                          |                      |
|  | 2,636,788 SSP Group              | 5,954                    | 0.57                 |
|  | 6,746,069 Tesco                  | 19,334                   | 1.85                 |
| Household Goods – 1.80%                            |                                  |                          |                      |
|  | 679,904 Bellway                  | 18,752                   | 1.80                 |
| Personal Goods – 2.44%                             |                                  |                          |                      |
|  | 662,046 Unilever                 | 25,469                   | 2.44                 |
| Tobacco – 2.86%                                    |                                  |                          |                      |
|  | 1,576,289 Imperial Brands        | 29,918                   | 2.86                 |
| <b>Total Consumer Goods</b>                        |                                  | <b>114,282</b>           | <b>10.94</b>         |

| Holding   | Investment                         | Bid-market value (£'000) | Total net assets (%) |
|---|------------------------------------|--------------------------|----------------------|
| <b>Healthcare – 5.56% (31/07/23 – 6.35%)</b>          |                                    |                          |                      |
| Pharmaceuticals & Biotechnology – 5.56%               |                                    |                          |                      |
|   | 552,942 AstraZeneca                | 58,059                   | 5.56                 |
| <b>Total Healthcare</b>                               |                                    | <b>58,059</b>            | <b>5.56</b>          |
| <b>Consumer Services – 12.67% (31/07/23 – 10.23%)</b> |                                    |                          |                      |
| Food & Drug Retailers – 0.83%                         |                                    |                          |                      |
|   | 326,424 Greggs                     | 8,722                    | 0.83                 |
| General Retailers – 2.30%                             |                                    |                          |                      |
|   | 283,296 Next                       | 23,989                   | 2.30                 |
| Media – 4.90%   |                                    |                          |                      |
|   | 1,567,012 RELX                     | 51,116                   | 4.90                 |
| Travel & Leisure – 4.64%                              |                                    |                          |                      |
|   | 2,226,977 Compass Group            | 48,504                   | 4.64                 |
| <b>Total Consumer Services</b>                        |                                    | <b>132,331</b>           | <b>12.67</b>         |
| <b>Utilities – 3.21% (31/07/23 – 3.17%)</b>           |                                    |                          |                      |
| Electricity – 3.21%                                   |                                    |                          |                      |
|   | 1,991,510 SSE                      | 33,557                   | 3.21                 |
| <b>Total Utilities</b>                                |                                    | <b>33,557</b>            | <b>3.21</b>          |
| <b>Financials – 23.52% (31/07/23 – 25.35%)</b>        |                                    |                          |                      |
| Banks – 9.18%   |                                    |                          |                      |
|   | 6,769,745 HSBC                     | 41,851                   | 4.00                 |
|   | 30,515,488 Lloyds Banking Group    | 12,980                   | 1.24                 |
|   | 7,267,160 NatWest Group            | 16,358                   | 1.57                 |
|   | 4,125,988 Standard Chartered       | 24,706                   | 2.37                 |
| Life Insurance – 2.00%                                |                                    |                          |                      |
|   | 1,690,841 Prudential               | 13,838                   | 1.32                 |
|   | 1,087,726 St James's Place Capital | 7,114                    | 0.68                 |
| Financial Services – 10.04%                           |                                    |                          |                      |
|   | 1,737,934 3i Group                 | 43,083                   | 4.12                 |
|   | 674,046 Close Brothers             | 3,663                    | 0.35                 |
|   | 812,844 Intermediate Capital Group | 14,509                   | 1.39                 |
|   | 488,568 London Stock Exchange      | 43,688                   | 4.18                 |
| Real Estate Investment Services – 0.57%               |                                    |                          |                      |
|   | 2,256,771 Grainger                 | 5,931                    | 0.57                 |
| Real Estate Investment Trusts – 1.73%                 |                                    |                          |                      |
|   | 1,227,127 Segro                    | 10,821                   | 1.04                 |
|   | 1,377,564 Workspace                | 7,191                    | 0.69                 |
| <b>Total Financials</b>                               |                                    | <b>245,733</b>           | <b>23.52</b>         |
| <b>Technology – 4.72% (31/07/23 – 3.92%)</b>          |                                    |                          |                      |
| Software & Computer Services – 4.72%                  |                                    |                          |                      |
|   | 561,384 Computacenter              | 16,291                   | 1.56                 |
|   | 554,625 Rightmove                  | 3,107                    | 0.30                 |
|   | 2,536,092 Sage                     | 29,850                   | 2.86                 |
| <b>Total Technology</b>                               |                                    | <b>49,248</b>            | <b>4.72</b>          |
| <b>Total value of investments</b>                     |                                    | <b>1,034,636</b>         | <b>99.05</b>         |
| <b>Net other assets</b>                               |                                    | <b>9,946</b>             | <b>0.95</b>          |
| <b>Total net assets</b>                               |                                    | <b>1,044,582</b>         | <b>100.00</b>        |

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

## Summary of Material Portfolio Changes

For the six month period ended 31 January 2024

### Total Purchases

|   | Cost<br>£'000 |
|---|---------------|
| Tesco   | 19,695        |
| BAE Systems                                   | 13,147        |
| Rolls-Royce                                   | 9,239         |
| RELX  | 6,004         |
| Next  | 5,019         |
| Ashtead Group                                 | 4,112         |
| IMI   | 2,695         |
| Sage  | 2,545         |
| <b>Total cost of purchases for the period</b> | <b>62,456</b> |

### Significant Sales

|   | Proceeds<br>£'000 |
|---|-------------------|
| British American Tobacco  | 21,147            |
| 3i Group  | 8,962             |
| Melrose Industries  | 8,113             |
| Unilever  | 5,304             |
| AstraZeneca   | 5,261             |
| Sage  | 4,989             |
| RELX  | 4,711             |
| Smith (DS)  | 3,505             |
| Diageo  | 2,702             |
| HSBC  | 2,683             |
| <b>Subtotal</b>   | <b>67,377</b>     |
| <b>Total proceeds from sales, including the above, for the period</b> | <b>87,031</b>     |



## Comparative Table

### Class A Income

| Change in net assets per unit           | 31/01/24<br>(p) | 31/07/23<br>(p) | 31/07/22<br>(p) | 31/07/21<br>(p) |
|---|-----------------|-----------------|-----------------|-----------------|
| Opening net asset value per unit        | 623.30          | 613.52          | 658.44          | 497.94          |
| Return before operating charges*        | 13.15           | 31.50           | (24.31)         | 174.57          |
| Operating charges                       | (3.60)          | (7.63)          | (8.17)          | (7.83)          |
| Return after operating charges*         | 9.55            | 23.87           | (32.48)         | 166.74          |
| Distributions on income units           | (5.83)          | (14.09)         | (12.44)         | (6.24)          |
| <b>Closing net asset value per unit</b> | <b>627.02</b>   | <b>623.30</b>   | <b>613.52</b>   | <b>658.44</b>   |
| * after direct transaction costs of:    | 0.23            | 0.84            | 0.52            | 0.28            |
| <b>Performance</b>                      |                 |                 |                 |                 |
| Return after charges                    | 1.53%           | 3.89%           | (4.93)%         | 33.49%          |
| <b>Other information</b>                |                 |                 |                 |                 |
| Closing net asset value (£'000)         | 1,044,582       | 1,060,323       | 1,080,511       | 1,190,891       |
| Closing number of units                 | 166,593,550     | 170,113,650     | 176,115,650     | 180,866,350     |
| Operating charges                       | 1.16%           | 1.16%#          | 1.26%           | 1.26%           |
| Direct transaction costs                | 0.04%           | 0.14%           | 0.08%           | 0.05%           |
| <b>Prices<sup>^</sup></b>               |                 |                 |                 |                 |
| Highest unit price                      | 646.70          | 651.80          | 704.10          | 665.20          |
| Lowest unit price                       | 586.10          | 548.70          | 565.60          | 498.40          |

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

<sup>^</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per unit 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 units, and the income derived from them, can vary.

## Financial Statements

### Statement of Total Return

For the six month period ended 31 January 2024

|  | 31 Jan 2024 |              | 31 Jan 2023 |               |
|--|-------------|--------------|-------------|---------------|
|  | £'000       | £'000        | £'000       | £'000         |
| Income   |             |              |             |               |
| Net capital gains  |             | 5,779        |             | 31,021        |
| Revenue  | 15,960      |              | 16,579      |               |
| Expenses   | (6,081)     |              | (6,693)     |               |
| Net revenue before taxation  | 9,879       |              | 9,886       |               |
| Taxation   | –           |              | –           |               |
| Net revenue after taxation   |             | 9,879        |             | 9,886         |
| Total return before distributions  |             | 15,658       |             | 40,907        |
| Distributions  |             | (9,879)      |             | (9,886)       |
| <b>Change in net assets attributable to unitholders from investment activities</b> |             | <b>5,779</b> |             | <b>31,021</b> |

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

For the six month period ended 31 January 2024

|   | 31 Jan 2024 |                  | 31 Jan 2023 |                  |
|---|-------------|------------------|-------------|------------------|
|   | £'000       | £'000            | £'000       | £'000            |
| <b>Opening net assets attributable to unitholders</b>                       |             | <b>1,060,323</b> |             | <b>1,080,511</b> |
| Amounts receivable on issue of units  | 18,866      |                  | 16,316      |                  |
| Amounts payable on cancellation of units                                    | (40,388)    |                  | (29,867)    |                  |
|   |             | (21,522)         |             | (13,551)         |
| Change in net assets attributable to unitholders from investment activities |             | 5,779            |             | 31,021           |
| Unclaimed distributions   |             | 2                |             | 5                |
| <b>Closing net assets attributable to unitholders</b>                       |             | <b>1,044,582</b> |             | <b>1,097,986</b> |

### Balance Sheet

As at 31 January 2024

|   | 31 Jan 2024      | 31 Jul 2023      |
|---|------------------|------------------|
|   | £'000            | £'000            |
| <b>Assets</b>                                 |                  |                  |
| Investments                                   | 1,034,636        | 1,053,431        |
| Current assets:                               |                  |                  |
| Debtors                                       | 12,365           | 2,868            |
| Cash and bank balances                        | 12,632           | 20,743           |
| Total assets                                  | 1,059,633        | 1,077,042        |
| <b>Liabilities</b>                            |                  |                  |
| Creditors:                                    |                  |                  |
| Other creditors                               | 5,332            | 2,315            |
| Distribution payable                          | 9,719            | 14,404           |
| Total liabilities                             | 15,051           | 16,719           |
| <b>Net assets attributable to unitholders</b> | <b>1,044,582</b> | <b>1,060,323</b> |

The financial statements were approved on 19 March 2024 and signed on behalf of the Board of the Manager by:

**P. Beamish** (Director)

**J.S. Glen** (Director)

# Notes to the Financial Statements

For the six month period ended 31 January 2024

## 1. Accounting policies

### Basis of preparation

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

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

### Basis of valuation of investments

The investments of the Trust have been valued at closing bid price on 31 January 2024, the last valuation point in the accounting period.

### Exchange rates

Assets and liabilities denominated in foreign currencies have been converted to sterling at the bid-market closing rates of exchange on 31 January 2024.

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

### Recognition of revenue

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

Other revenue is accounted for on an accruals basis.

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

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

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

### Treatment of expenses

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

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

Expenses include irrecoverable VAT.

### Taxation

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

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

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

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

## 2. Distribution policy

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

Any revenue deficit is deducted from capital.

Distributions are paid to unitholders semi-annually.

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

## Notes to the Financial Statements (continued)

For the six month period ended 31 January 2024

### 3. Risk management policies

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

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

The main risks arising from the Trust's financial instruments are summarised below, and remain unchanged from the prior year.

#### Market price risk

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

#### Foreign currency risk

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

#### Credit risk

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

#### Liquidity risk

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

#### Other risks

##### Potential implications of an epidemic and/or a pandemic

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

##### Political Risks

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

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

## Distribution Table

For the six month period ended 31 January 2024

### Distribution in pence per unit

#### Interim

Group 1: Units purchased prior to 1 August 2023

Group 2: Units purchased between 1 August 2023 and 31 January 2024

|                       | Net<br>income | Equalisation | Distribution<br>payable<br>31/03/24 | Distribution<br>paid<br>31/03/23 |
|-----------------------|---------------|--------------|-------------------------------------|----------------------------------|
| <b>Class A Income</b> |               |              |                                     |                                  |
| Group 1               | 5.8341        | –            | 5.8341                              | 5.6269                           |
| Group 2               | 2.5027        | 3.3314       | 5.8341                              | 5.6269                           |

## General Information

### Pricing and dealing

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

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

Dealing prices, yields and details of risks and charges are published on our website, [www.rlam.com](http://www.rlam.com).

Dealing in units is conducted between 8.00am and 8.00pm Monday to Friday, and 8:00am and 5:00pm on Saturday.

### Buying units

Units may be bought on any business day via an authorised intermediary or from the Manager by telephoning the Customer Contact Centre on 0345 605 7777\*. Alternatively, an application form should be completed and sent to the Manager. Units will be allocated at the price ruling at the next valuation point and a contract note confirming the purchase will be issued immediately thereafter.

### Selling units

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

\* In the interest of investors' protection all telephone calls to the Customer Contact Centre are recorded.

### Cancellation rights

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

### UK taxation

The Trust is not subject to Capital Gains Tax.

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

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

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

### Authorisation

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

### Trust Reports and Prospectus

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

### Transfer of units

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

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

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

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

## Contact Us

For further information please contact:

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[www.rlam.com](http://www.rlam.com)

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

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

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

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

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