

High yield investing

We use a common credit investment philosophy across Royal London Asset Management that aims to take advantage of inefficiencies within credit markets. We believe these inefficiencies arise by the market being constrained by the benchmark orientation of many investors, their over-reliance on credit ratings and the mispricing of liquidity.

We believe that identifying pockets where these inefficiencies exist, using in-depth credit and liquidity analysis, provides the greatest opportunities for outperformance and for investors to achieve a reasonable level of income considering the associated risk and volatility. We seek to build benchmark-aware and not benchmark-driven portfolios, with multiple potential sources of alpha.

Investment philosophy

The high yield market is global in nature, with the larger, more liquid US, diverse European and rapidly growing emerging markets all offering different features. We believe that a genuinely global approach offers both greater diversification potential and more opportunities to find attractive bonds. We look at all areas of the high yield market in seeking multiple potential drivers of return.

We target reduced default risk and volatility in the funds via our focus on the reporting transparency of the companies we invest in, and with our bias towards larger, more liquid issue sizes. We avoid business models which we believe are unforecastable.

Our core disciplines result in a differentiated strategy



Global yet integrated approach

One team, no regional silos



Nimble & experienced

Established co-located team allows for efficient decision making



No over-diversification

Discerning stock selection with strong individual positions



Know what you know, know what you don't

Focus on quantifiable risk, not unpredictable uncertainty



ESG promoting positive externalities

Beyond the credit analysis, engagement over avoidance

The team

Royal London Asset Management has a highly skilled, experienced Leveraged Finance team that has formed an enviable reputation. The team has expanded as we've developed new products and our assets under management have grown over time. We have steered our portfolios through changing

economic conditions and business cycles. We believe that the most effective way of implementing our investment philosophy is by experienced managers undertaking the right type of analysis, operating with the right team structure that supports a collegiate approach.

Biographies



Khuram Sharih

Senior Fund Manager

Khuram is a Senior Fund Manager within the Global Credit team at Royal London Asset Management and has over 20 years of fixed income and credit experience. He joined from Newton Investment Management in August 2016, where he was a senior member of the global fixed income and multi asset teams. Khuram was previously a senior credit analyst at Cairn Capital, where he played a key role in the development of its global credit and CLO platforms. Prior to moving to the UK, he held roles at Denali Capital and JP Morgan in the US.



Gary Ewen

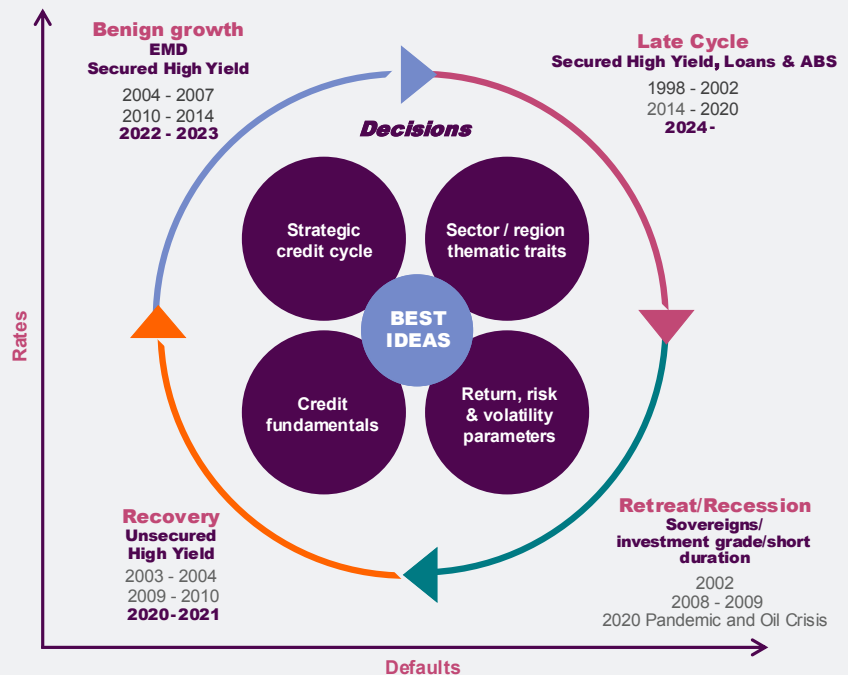
Assistant Portfolio Manager

Gary joined Royal London Asset Management's Global Credit team in August 2016 as a credit analyst, where he performed analysis on high yield corporate bonds and leveraged loans. Since 2023 he has been an assistant portfolio manager across all global credit strategies in addition to his credit analysis responsibilities. He previously worked for Mercer Investment Consulting, in their fiduciary management division. He holds a BBA with first class honours in Finance from St. Francis Xavier University, a MSc. Finance Degree from the University of Warwick and is a CFA Charterholder.

Investment process

The investment process combines our top-down and bottom-up approach to construct a portfolio of best ideas. The investment approach has three key steps, with ESG&C (Environmental, Social, Governance and Climate) risks and issues fully integrated: macro view; risk overview and stock selection. At the macro level we have a quarterly economic review which covers all economic regions and focuses on key variables such as growth rates and inflation, helping formulate our default interest rate outlook and positioning. Our risk view builds upon this outlook with diversification by sector, credit quality and region. We look to tilt holdings towards the areas where we believe the greatest risk/return attributes can be found. The last and most important filter is bottom-up credit analysis – this is where we can add the most value through analysing and forecasting the cashflows of individual companies to identify the strongest investment candidates. This universe is honed further by a review of technicals including market liquidity and volatility expectations to identify the strongest credit investments.

The Credit Cycle



Navigating the cycle can improve returns and dampen volatility

Source: Royal London Asset Management. As at February 2025.

For illustrative purposes only.

Why Royal London Asset Management for high yield?

RL Short Duration Global High Yield Bond Fund and RL Global High Yield Bond Fund are global by design. The funds take a truly global approach, leveraging the investment managers' experiences across US, emerging markets and European high yield to capture the best attributes of each region. Through experience, running dedicated funds in any of these jurisdictions results in having to hold positions that an investor may prefer not to own.

Finally, we have a well-established philosophy and process, applied to funds of significant scale. These funds are managed by highly experienced investment professionals, with a high level of team consistency and stability over time.

Our approach is to be benchmark aware and not benchmark driven. This lets us build conviction portfolios that aim to deliver consistent alpha from multiple sources. Investing in this way can insulate the funds from much of the market volatility often witnessed in the global credit market.

RL Short Duration Global High Yield Bond Fund

- Invests primarily in short-dated high yield bonds on a global basis. The investment objective of the Fund is to provide income, the Fund will seek to achieve its objective on an active basis.
- The fund may invest in short maturity investment grade securities.
- A more defensive, liquidity focused high yield bond fund.
- Seeks to outperform its benchmark (SONIA) by 2% per annum over rolling 3-year periods.

Fund facts

| | |
|--------------------|---|
| Target benchmark | Sterling Overnight Index Average (SONIA) |
| Morningstar sector | Global High Yield Bond |
| Typical duration | Less than 2 years |
| Launch date | 15 February 2013 (Z Inc) |
| Fund managers | Dr Wolfgang Bauer, Sebastien Poulin and Gary Ewen |

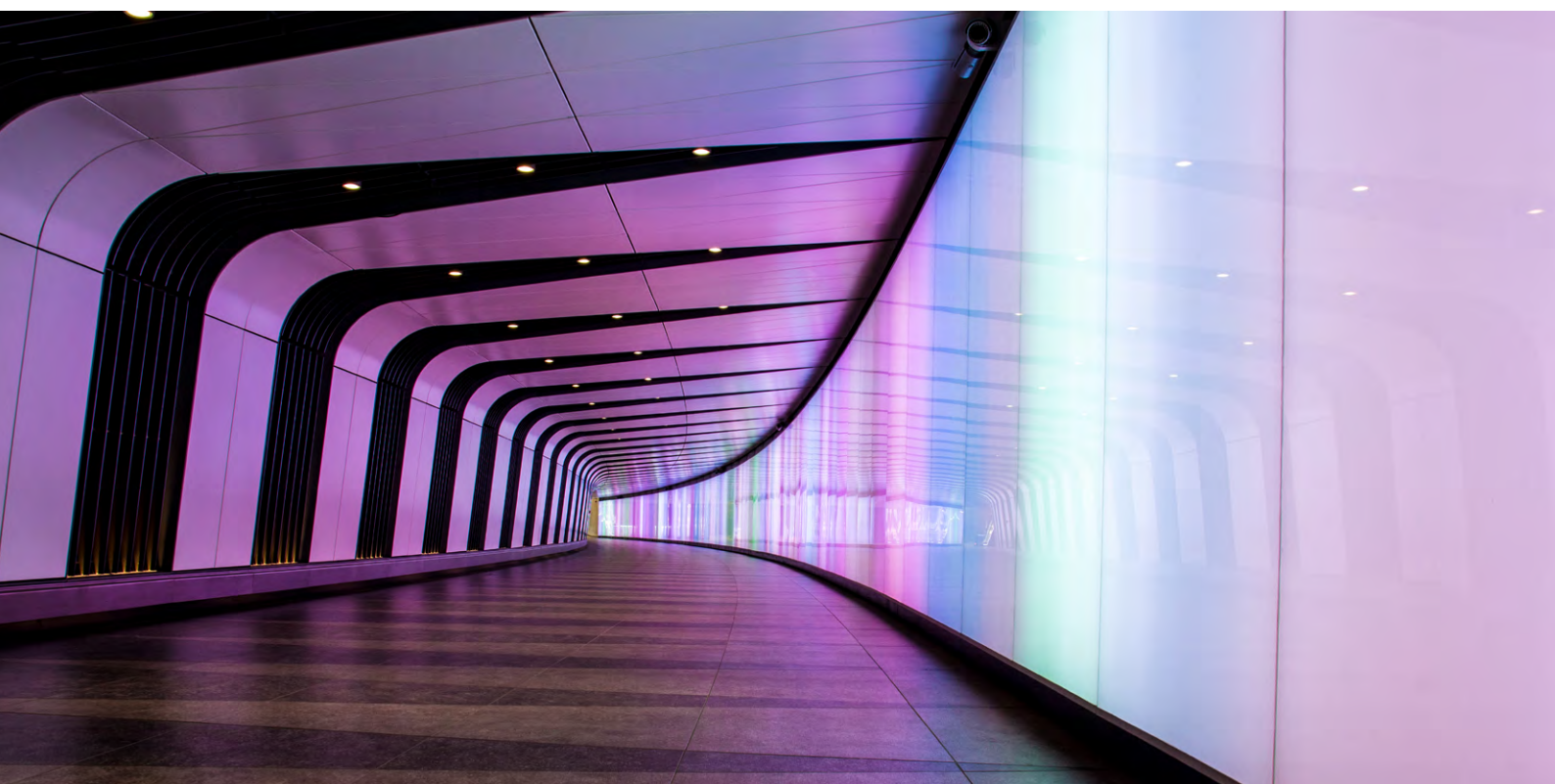
RL Global High Yield Bond Fund

- Invests predominantly in sub-investment grade bonds issued by companies domiciled in the UK, Europe, Africa, Asia and the Americas. The investment objective of the Fund is to provide a combination of investment growth and income on an active basis
- A diversified portfolio with the aim of mitigating stock specific risk.
- A value focused, research-based investment approach.
- Seeks to outperform its benchmark by 1% per annum over rolling 3-year periods.

Fund facts

| | |
|--------------------|---|
| Target benchmark | BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained Index |
| Morningstar sector | Global High Yield Bond - GBP Hedged |
| Typical duration | 3-5 years |
| Launch date | 15 February 2013 (Z Inc) |
| Fund managers | Khuram Sharif and Gary Ewen |

The Benchmarks are being used by the Funds for performance comparison purposes only and the Funds do not intend to track it.



Fund Risks

Investment Risk: The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Credit Risk: Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Efficient Portfolio Management (EPM)

Techniques: The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

Exchange Rate Risk: Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

Interest Rate Risk: Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Liquidity Risk: In difficult market conditions the value of certain fund investments may be difficult to value and harder to sell, or sell at a fair price, resulting in unpredictable falls in the value of your holding.

Emerging Markets Risk: Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Derivative Risk: Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both Fund losses and gains. The impact to the Fund can be greater where they are used in an extensive or complex manner, where the Fund could lose significantly more than the amount invested in derivatives.

Sub-Investment Grade Investment Risk:

Lower rated investment grade securities may have large uncertainties or major risk exposures to adverse conditions. The market value of securities in lower rated investment grade categories is more volatile than that of higher quality securities, and the markets in which these securities are traded are less liquid than those in which higher rated securities are traded.

Responsible Investment Risk:

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming unsustainable funds.

Contact us

For more information about our range of products and services, please contact us.

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The funds are sub-funds of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds. Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme of the Financial Services and Markets Act 2000. The Investment Manager is Royal London Asset Management Limited.

The Management Company is FundRock Management Company SA, Registered office: Airport Center Building, 5 Heienhaff, L-1736 Senningerberg, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Investment Manager is Royal London Asset Management Limited.

The Prospectus and Key Investor Information Document (KIID) are available in English. A summary of investor rights is also available in English. RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

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For more information concerning the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

Notice for UK Investors

The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

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Copies of the Memorandum and Articles of Association, the Prospectus, fund supplement, the annual and semi-annual reports of the Company may be obtained free of charge from the Company's representative in Switzerland, ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich.

The Paying Agent in Switzerland is Banque Cantonale Vaudoise, Place St-François 14, CH-1003 Lausanne.

Ref: BR RLAM PD 0221

