

Royal London

Short Term Fixed Income Enhanced Fund

Factsheet
29 February 2024

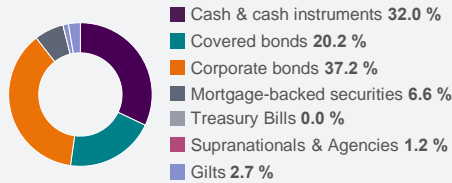
Investment objective

The Fund's investment objective is to achieve a total return over rolling 12-month periods by generally investing in short term fixed income securities. The Fund's performance target is to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) by 1.00% over rolling 12-month periods. This is the average overnight interest rate UK banks pay for unsecured transactions in sterling and is considered an appropriate benchmark for the Fund's performance.

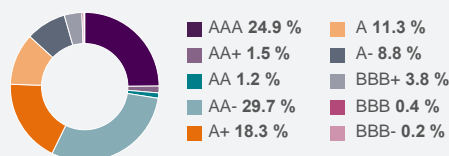
Asset allocation

	Min	Max	Notes
Money market instruments	25%	100%	Includes certificates of deposit, time deposits, corporates and treasury bills
Covered bonds floating and fixed	0%	50%	Covered bonds issued by banks and building societies
Corporate bonds floating and fixed	0%	50%	Bonds issued by financial and non-financial corporates (investment grade only)
Asset backed securities (ABS) & mortgage backed securities (MBS)	0%	20%	Asset backed bonds issued by financial and non-financial corporates with a minimum rating of AA-
Gilts / supranational	0%	25%	UK government and supranational issuers

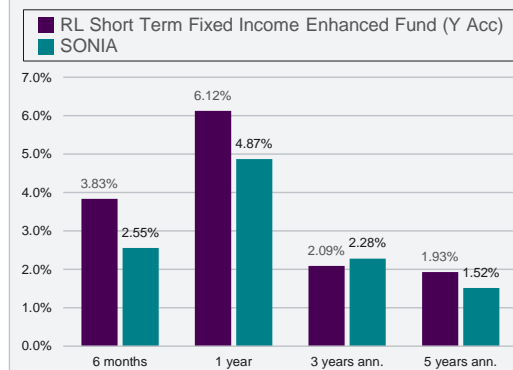
Asset allocation profile



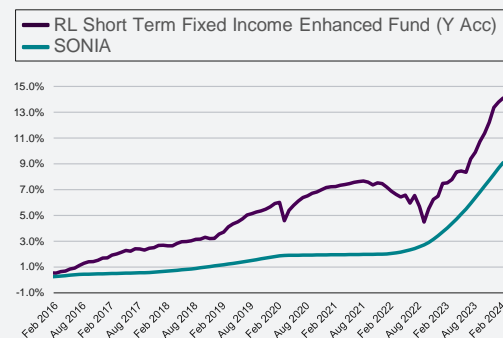
Credit rating profile



Fund performance



Cumulative performance



Monthly performance

	Feb-24	Jan-24	Dec-23
RL Short Term Fixed Income Enhanced Fund – Y Acc	0.28%	0.37%	1.02%
SONIA	0.40%	0.43%	0.40%

Distribution history (Net)

	29/12/2023	29/09/2023	30/06/2023	31/03/2023
RL Short Term Fixed Income Enhanced Fund – Y Inc	1.2391p	0.8844p	0.7569p	0.629p

Table above shows figures as at payment date.

All performance, volatility and yield figures are based on Y Acc share class, gross of fees and tax. Past performance is not a reliable indicator of future results. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment. Portfolio Characteristics and holdings are subject to change without notice. This does not constitute investment advice. For information purposes only.

Source: RLAM as at 29 February 2024.

Fund managers



Craig Inches has 25 years of industry experience and is responsible for the management and oversight of RLAM's short rate strategies, and jointly manages the government bond strategies.



Tony Cole has 21 years of industry experience and is responsible for co-managing the Royal London Short Term Money Market Fund, the Royal London Short Term Fixed Income Fund and a range of segregated portfolios.

Fund facts

Inception date	18 May 2015
Assets under management	£1,249 million
Fund management fee	0.18%
Available share classes	Accumulation / Income
Settlement	Trade date + 2 days
Minimum lump sum investment	£1 million (initial)
Weighted average maturity	0.9 years
Weighted average life	1.6 years
Number of issuers	80
Yield to maturity	5.65%
BoE base rate	5.25%
Fund Structure	OEIC
Domicile	GBR
ISA Eligible	Eligible
Benchmark	SONIA
Sector	IA Unclassified
Currency	GBP
SEDOL (Y Acc)	BVYV8H8

Financial exclusions*

✗ Armaments
Manufacture of armaments, nuclear weapons or associated strategic products

✗ Tobacco
Growing, processing or sale of tobacco products

✗ Fossil fuels
The exploration, extraction and refining of oil, gas or coal

* For companies that generate over 10% of their turnover from either one or a combination of the three categories.

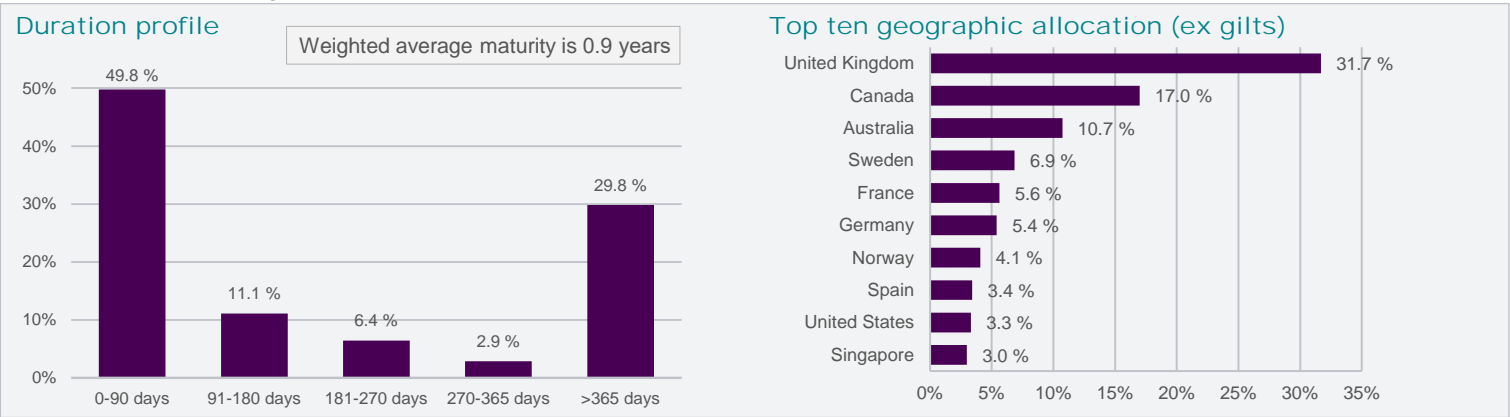
Monthly commentary

The Bank of England Monetary Policy Committee left interest rates unchanged at the start of February, at 5.25%. Once again, there was a split within the MPC, reflecting the fact that inflation has fallen materially but remains above target. The confirmation later in the month that the UK had entered a recession, albeit a mild one, was not a huge surprise given that growth has been very weak for some time.

With interest rates unchanged, SONIA remained at 5.19% over the month. However, expectations of UK rate cuts in 2024 – and in common with expectations in the US and euro zone – have once again been pared back. The further change in 2024 expectations was seen in two-year gilts, often seen as a proxy for market expectations of BoE rates, where yields increased from 4.22% to 4.59%.

Fund activity over the month was modest. Aside from overnight deposits, we continued to look at tactical opportunities in five-year gilts to take advantage of market volatility, adding to our exposure early in the month and taking profits later in the period.

*Based on Y Acc share class, gross of fees and tax.



Top 10 holdings

Holding	Asset Type	Weight
Toronto Dominion Bank	Certificate of Deposit	4.1%
LLOYDS BANKING GROUP PLC	Certificate of Deposit	4.1%
Commonwealth Bank of Australia	FRN	2.9%
Royal Bank of Canada	Fixed	2.8%
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT)	Gilts	2.7%
Skandinaviska Enskilda Banken AB	Certificate of Deposit	2.5%
National Australia Bank	FRN	2.1%
Commonwealth Bank of Australia	Certificate of Deposit	2.1%
DNB Bank ASA	Certificate of Deposit	2.1%
Skipton Building Society	Fixed	2.0%

Top 10 issuers

Issue	Weight
Toronto Dominion Bank	6.0%
Commonwealth Bank of Australia	4.9%
Skandinaviska Enskilda Banken AB	4.2%
LLOYDS BANKING GROUP PLC	4.1%
DNB Bank ASA	4.1%
Banco Santander SA	3.4%
National Australia Bank	3.2%
Bank of Nova Scotia	2.9%
Royal Bank of Canada	2.8%
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT)	2.7%

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.

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.

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.

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.

Government and public securities risk: The fund can invest more than 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.

Inflation risk: Where the income yield is lower than the rate of inflation, the real value of your investment will reduce over time.

Portfolio holdings are subject to change, for information only and are not investment recommendations. Holdings are subject to rounding.
Figures may be subject to rounding.
Source: RLAM as at 29 February 2024.

Weighted Average Maturity = average length of time to maturity of all underlying securities in the fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the security must be repaid.

Weighted Average Life = the weighted average of the remaining life (maturity) of each security held in a fund, meaning the time until the principal is repaid in full.

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice. Telephone calls may be recorded. For further information please see the Legals notice at www.rlam.com.

The fund is a sub-fund of Royal London Bond Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000797.

The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037. For more information on the fund or 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.

The "SONIA" mark is used under licence from the Bank of England (the benchmark administrator of SONIA), and the use of such mark does not imply or express any approval or endorsement by the Bank of England. "Bank of England" and "SONIA" are registered trade marks of the Bank of England.

Issued in March 2024 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

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