

Royal London

# Short Term Fixed Income Enhanced Fund

**Factsheet**  
**31 May 2025**

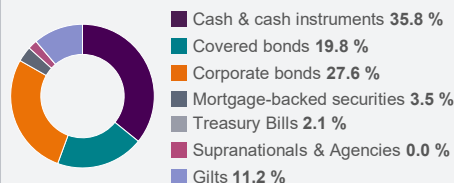
## Investment objective

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.

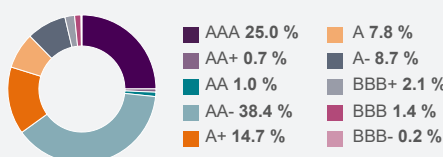
## Asset allocation

	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

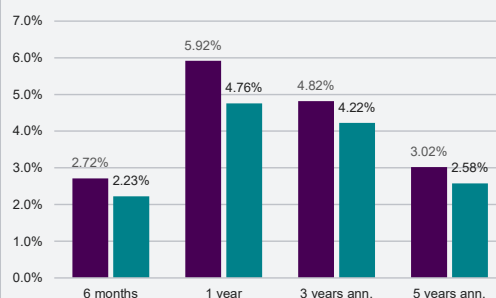


## Credit rating profile



## Fund performance

■ RL Short Term Fixed Income Enhanced Fund (Y Acc)  
■ SONIA



## Cumulative performance

■ RL Short Term Fixed Income Enhanced Fund (Y Acc)  
■ SONIA



## Monthly performance

	May-25	Apr-25	Mar-25
RL Short Term Fixed Income Enhanced Fund – Y Acc	0.31%	0.61%	0.36%
SONIA	0.36%	0.36%	0.37%

## Distribution history (Net)

	31/03/2025	31/12/2024	30/09/2024	28/06/2024
RL Short Term Fixed Income Enhanced Fund – Y Inc	1.0912p	1.108p	1.066p	1.1375p

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 31 May 2025.

## Fund managers



**Craig Inches** is Head of Rates and Cash at RLAM and is responsible for the management and oversight of RLAM's Rates and Cash business. Craig works closely with the Head of Alpha Strategies and the Rates Team to manage a suite of solutions ranging from enhanced cash through sovereign and global bonds culminating in absolute return.



**Tony Cole** is a Senior Fund Manager, responsible for quantitative cash modelling within RLAM's Rates and Cash business. Tony focuses on the management of the cash, short dated government bond and absolute return funds.

## Rated AAf/S2 by Fitch

The Fund is rated by an external rating agency(ies). Such rating is solicited and financed by RLAM.

## Fund facts

Inception date	18 May 2015
Assets under management	£1,401 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	1.0 years
Weighted average life	1.7 years
Number of issuers	83
Yield to maturity	4.72%
BoE base rate	4.25%
Fund Structure	OEIC
Domicile	GBR
ISA Eligible	Eligible
Benchmark	SONIA
Sector	IA Unclassified
Currency	GBP
SEDOL (Y Acc)	BVYV8H8

## 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.

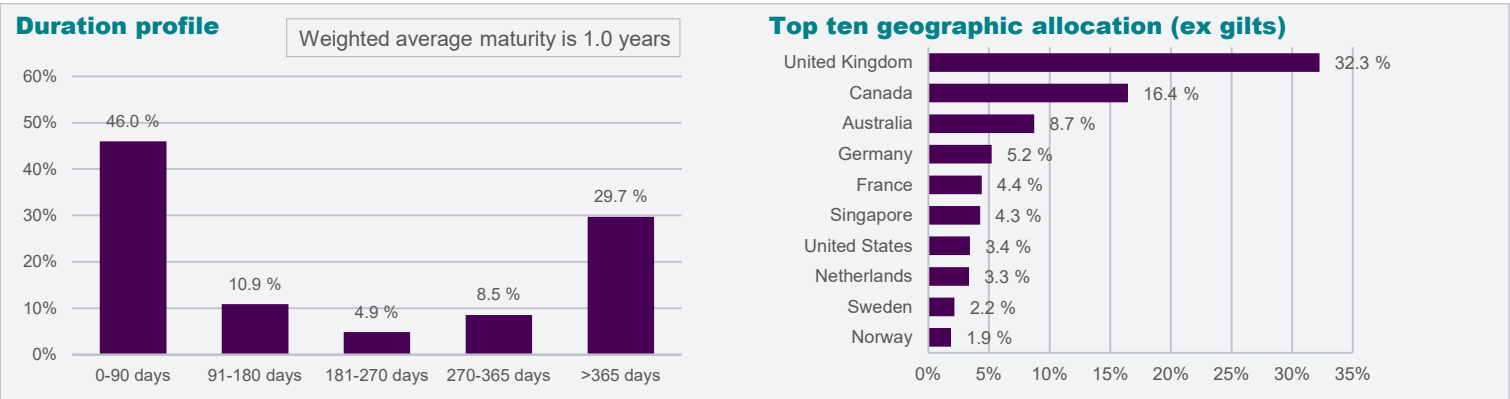
Monthly commentary

The Bank of England cut interest rates as expected at its May meeting, taking UK rates from 4.50% to 4.25%. Markets had been hoping that soft growth data would allow the Bank to move beyond ‘gradual and careful’ rate cuts, but the split of votes and accompanying minutes suggested the Bank is happy to proceed on its current course for now, with a higher-than-expected inflation figure subsequently adding to the sense that further cuts would be modest.

In line with the cut in interest rates, SONIA fell to 4.21% over the month. Two-year gilts, often seen as a proxy for market expectations of BoE rates, reversed some of fall in yields seen in April to reflect the more cautious rate cut outlook, rising from 3.81% to 4.02%.

Activity was relatively low in May. The fund added limited exposure to one-year CDs through purchases of NatWest and ING, while continuing to trade short-dated gilts to benefit from market volatility. In short-dated credit, we added senior bonds from **LandesBank** and **Mitsubishi**, as well as subordinated bonds from **Virgin Money**.

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



Top 10 holdings

Holding	Asset Type	Weight
United Kingdom of Great Britain and Northern Ireland (Government)	Gilts	9.7%
Royal Bank of Canada	Fixed	2.7%
Westpac Banking Corporation	FRN	1.9%
Skipton Building Society	Fixed	1.9%
United Kingdom of Great Britain and Northern Ireland (Government)	Treasury Bills	1.8%
Goldman Sachs	Zero Coupon CD	1.8%
DBS Bank Ltd	FRN	1.6%
Federation des caisses Desjardins du Quebec	FRN	1.6%
UNITE USAF II PLC	Fixed	1.6%
HSBC Bank plc	Floating Coupon CD	1.5%

Top 10 issuers

Issue	Weight
United Kingdom of Great Britain and Northern Ireland (Government)	11.2%
Royal Bank of Canada	4.9%
DZ Bank AG	4.3%
Natl Westminster Bank	3.7%
Goldman Sachs	2.9%
Santander UK plc	2.8%
Westpac Banking Corporation	2.7%
Skipton Building Society	2.7%
Canadian Imperial Bank of Commerce	2.5%
Bank of Montreal	2.5%

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 31 May 2025.

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](http://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](http://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 June 2025 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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