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Royal London Asset Management

Fixed Income Fund Commentary

31 August 2026

Fund Commentary

31 August 2026

The purpose of this report is to provide an update on the Royal London Fixed Income Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

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Fixed Income

Royal London Corporate Bond Fund

Government bond yields broadly continued to edge higher in August. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand despite heavy technology-sector issuance. Corporate credit was a notable outperformer during the month, and high yield spreads narrowed to their lowest level over the past 12 months.

The fund saw positive returns for August. Relative to the benchmark, our sector allocation and stock selection within the structured sector – was the main driver of positive relative performance, while our underweight in supranationals was also helpful. The modest long duration stance was a small negative in a month where yields edged higher.

Driven by our longstanding credit philosophy, we remain confident in our ability to achieve an attractive yield premium in the portfolio while maintaining a high degree of diversification – across both sectors and issuers – alongside a bias towards secured debt that provides additional downside protection.

Royal London Ethical Bond Fund

Government bond yields edged higher in August as investors weighed rising energy-driven inflation risks against moderate economic growth. It was a largely uneventful month for credit markets, with most of the volatility being contained to government bond markets. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. While inflation data and comments from the US Federal Reserve later in the month caused some volatility, credit remained well supported by healthy corporate fundamentals and strong issuance, coming mainly from the tech sector.

The fund saw positive returns for August. Relative to the benchmark, our sector allocation and stock selection within the structured sector – was the main driver of positive relative performance.

We remain confident that active management can continue to add value in sterling credit. Diversification by sector and issuer, secured and collateralised debt, and attractive all-in yields remain key portfolio themes.

Royal London Global Bond Opportunities Fund

Government bond yields edged higher in August as investors weighed rising energy-driven inflation risks against moderate economic growth. It was a largely uneventful month for credit markets, with most of the volatility being contained to government bond markets. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. While inflation data and comments from the US Federal Reserve later in the month caused some volatility, credit remained well supported by healthy corporate fundamentals and strong issuance, coming mainly from the tech sector.

Within the fund, we took part in a new issue from US automaker Ford. The crossover issue, with the notes rated investment grade by some rating agencies and high yield by others, was issued at an attractive yield of over 5%, giving the fund a chance to diversify by region, sector and currency.

The fund took part in a new issue from Ocean Yield. The firm – which is set to see an improvement to its credit profile from a proposed takeover from higher-rated logistics giant Maersk – issued new US dollar denominated hybrid bonds.

Fixed Income

Royal London Global High Yield Bond Fund

Global high yield markets generated positive returns during August as credit spreads tightened meaningfully, offsetting a further increase in government bond yields. Market sentiment improved following a weaker-than-expected US jobs report, which initially supported risk assets and reinforced confidence that economic growth was slowing. While inflation data and comments from the US Fed later in the month caused some volatility, high yield credit remained well supported by corporate fundamentals and continued confidence in issuers' ability to refinance upcoming maturities.

Primary market activity moderated during the month but remained healthy. Global high yield issuance totalled about \$15.9bn during August, while US high yield issuance was \$12.1bn.

In the fund, our energy and telecommunications holdings were strong relative performers, while our leisure bonds underperformed. By rating, both our BB and single B bonds contributed to absolute returns, broadly in line with the benchmark, while regionally our US holdings lagged but did deliver strong absolute returns.

Royal London Global Index Linked Fund

Index linked bonds saw strong returns in August as investors remained focused on the inflationary impact of rising energy prices, particularly rising natural gas prices. As a result, real yields fell on the month, despite nominal yields rising slightly – this led to breakeven rates rising globally, with the largest move in the UK.

In the US, the announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – saw the US yield curve flatten. As a result, curve flattening positions held in the fund added value.

The fund added to duration and had a bias towards the curve flattening – both of which contributed to outperformance. We tactically traded our duration exposure in the month, buying nominal bonds into weakness, then selling these as yields fell. This reflected a pattern that when yields were at their cheapest, breakeven rates were at their highs, making it better to reflect duration changes through gilts. This was also a positive contributor. The fund also increased its exposure to Australian, French and US bonds, looking to diversify away from the UK, following a strong performance in recent months in the domestic market.

Fixed Income

Royal London Global Mezzanine ABS Fund

Any hopes of a summer lull failed to materialise in August, with CLOs and Australian Securitised debt keeping the market alive. The supply was led by European CLOs, RMBS, Auto ABS and Consumer ABS. CLO execution remained disciplined rather than indiscriminate with senior pricing generally held around mid-120s bps, while mezzanine demand remained supportive.

European securitisation issuance growth remains broad-based across regions and asset classes, with RMBS volumes up 40% year-on-year and Consumer ABS one of the strongest-performing sectors. Non-CLO spreads remain well supported by a combination of resilient credit performance, strong investor demand and favourable technical conditions. Mezzanine technicals remain particularly supportive. Investor demand for yield continues to drive strong interest in investment-grade mezzanine bonds. Australia saw nine transactions price. It was somewhat unusual as the European summer usually results in a seasonally quieter month before the ramping up in September and October, with momentum likely to continue. A very diverse mix of collateral types was issued across RMBS, CMBS, autos, SMSF, non-resident RMBS, and Medical ABS, including two debut issuers.

The desk participated in a number of the Australian new issues hoping to secure better allocations with the continent away for the summer. The main contributors for the month were CLOs and UK Non-Conforming with Australian Non-Conforming.

Royal London Global Senior ABS Fund

Any hopes of a summer lull failed to materialise in August, with CLOs and Australian Securitised debt keeping the market alive. The supply was led by European CLOs, RMBS, Auto ABS and Consumer ABS. CLO execution remained disciplined rather than indiscriminate with senior pricing generally held around mid-120s bps, while mezzanine demand remained supportive.

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Fixed Income

Royal London Index Linked Fund

Index linked bonds saw strong returns in August as investors remained focused on the inflationary impact of rising energy prices, particularly rising natural gas prices. As a result, real yields fell on the month, despite nominal yields rising slightly – this led to breakeven rates rising globally, with the largest move in the UK.

In the US, the announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – saw the US yield curve flatten. As a result, yields on longer dated Tips fell by around 10 basis points.

The fund added to duration and had a bias towards the curve flattening – both of which contributed to outperformance. We tactically traded our duration exposure in the month, buying nominal bonds into weakness, then selling these as yields fell. This reflected a pattern that when yields were at their cheapest, breakeven rates were at their highs, making it better to reflect duration changes through gilts. This was also a positive contributor. The fund also increased its exposure to Australian, French and US bonds, looking to diversify away from the UK, following a strong performance in recent months in the domestic market.

Royal London Investment Grade Short Dated Credit Fund

Government bond yields edged higher in August as investors weighed rising energy-driven inflation risks against moderate economic growth. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. Credit remained well supported by healthy corporate fundamentals and strong issuance, coming mainly from the tech sector.

The fund saw positive returns for August and outperformed its benchmark. Overall, sector allocation and stock selection within the structured sector was the main driver of relative performance. The modest long duration stance was a small negative in a month where yields edged higher.

We remain confident that active management can continue to add value in sterling credit. Diversification by sector and issuer, secured and collateralised debt, and attractive all-in yields remain key portfolio themes.

Royal London Short Duration Credit Fund

Government bond yields edged higher in August as investors weighed energy-driven inflation risks against moderate economic growth. It was a largely uneventful month for credit markets, with most of the volatility being contained to government bond markets. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. Credit remained well supported by healthy corporate fundamentals and strong issuance mainly from the tech sector.

The fund saw positive returns for August and outperformed its benchmark. Overall, our sector allocation and stock selection within the structured sector was the main driver of relative performance. The modest long duration stance was a small negative in a month where yields edged higher.

We remain confident that active management can continue to add value in sterling credit. Diversification by sector and issuer, secured and collateralised debt, and attractive all-in yields remain key portfolio themes.

Fixed Income

Royal London Short Duration Gilts Fund

Market volatility remained elevated during the month, with developments in the Middle East continuing to dominate headlines and influence investor sentiment and market volatility. Gilt yields gradually moved higher, with 10-year gilt yields settling above 5% at month-end. Rising commodity prices contributed to renewed inflation concerns, while ongoing worries around global debt levels and fiscal sustainability also weighed on bond markets.

UK economic data was broadly in line with market expectations and thus had limited impact on markets, with short-end rates pricing around 2.5 hikes by the BoE by the end of 2027. Meanwhile, the Jackson Hole symposium was the month's key policy event, but while Fed Chair Warsh's remarks carried a slightly hawkish tone, they offered few significant surprises, leaving market expectations for monetary policy broadly unchanged.

The fund increased the long duration position over the month. This was achieved through tactical trading of seven-year gilts, taking advantage of market volatility as opportunities arose. There were no changes to the fund's inflation-linked bond exposure, cross-market positions or yield curve positioning during the month.

Royal London Short Duration Global High Yield Bond Fund

Global high yield markets generated positive returns during August as credit spreads tightened meaningfully, offsetting a further increase in government bond yields. Market sentiment improved following a weaker-than-expected US jobs report, which initially supported risk assets and reinforced confidence that economic growth was slowing. While inflation data and comments from the US Fed later in the month caused some volatility, high yield credit remained well supported by corporate fundamentals and continued confidence in issuers' ability to refinance upcoming maturities.

Primary market activity moderated during the month but remained healthy. Global high yield issuance totalled about \$15.9bn during August, while US high yield issuance was \$12.1bn.

The fund saw some of its bonds called during the month, all of which had a maturity of 2028 or 2029, illustrating that companies are taking advantage of market conditions to actively address their upcoming maturities. The fund's performance was driven by our leisure holdings while regionally our US bonds were the strongest.

Royal London Short Duration Global Index Linked Fund

Index linked bonds saw strong returns in August as investors remained focused on the inflationary impact of rising energy prices, particularly rising natural gas prices. As a result, real yields fell on the month, despite nominal yields rising slightly – this led to breakeven rates rising globally, with the largest move in the UK.

In the US, the announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – saw the US yield curve flatten. As a result, curve flattening positions held in the fund added value.

The fund added to duration and had a bias towards the curve flattening – both of which contributed to outperformance. We tactically traded our duration exposure in the month, buying nominal bonds into weakness, then selling these as yields fell. This reflected a pattern that when yields were at their cheapest, breakeven rates were at their highs, making it better to reflect duration changes through gilts. This was also a positive contributor. The fund also increased its exposure to Australian, French and US bonds, looking to diversify away from the UK, following a strong performance in recent months in the domestic market.

Fixed Income

Royal London Short Term Fixed Income Enhanced Fund

There was no Bank of England (BoE) interest rate meeting in August, meaning that the UK Base Rate remained at 3.75%. The market therefore looked at inflation and growth data for signs that the Bank of England may be inclined to increase rates, but there was no real change in direction of data over the month, with growth slightly better than expected and inflation in line with expectations.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through August. Two-year gilts, often seen as a proxy for market expectations of BoE rates, were also virtually unchanged, edging from 4.42% to 4.41%.

Activity was light in August, reflecting the usual quieter summer markets. One trade of note was the purchase of a new issue of four-year covered bonds from United Overseas Bank which came at a healthy premium to SONIA. We also continued to trade short-dated gilts as markets remained volatile.

Royal London Short Term Fixed Income Fund

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Royal London Short-Term Money Market Fund

There was no Bank of England (BoE) interest rate meeting in August, meaning that the UK Base Rate remained at 3.75%. The market therefore looked at inflation and growth data for signs that the Bank of England may be inclined to increase rates, but there was no real change in direction of data over the month, with growth slightly better than expected and inflation in line with expectations.

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Activity was light in August, reflecting the usual quieter summer markets. As in recent months, activity was spread across maturities – adding to core exposure in three-month paper from names such as HSBC and KBC, but also adding selectively to six-month and 12-month paper where we felt yields offered value against our models, including United Overseas Bank, Standard Chartered and National Westminster. In addition, we added six-month treasury bills at yields over 4%, as well as short-dated covered bonds from Australia and New Zealand Banking in the secondary market.

Fixed Income

Royal London Sterling Liquidity Money Market Fund

There was no Bank of England (BoE) interest rate meeting in August, meaning that the UK Base Rate remained at 3.75%. The market therefore looked at inflation and growth data for signs that the Bank of England may be inclined to increase rates, but there was no real change in direction of data over the month, with growth slightly better than expected and inflation in line with expectations.

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Activity was light in August, reflecting the usual quieter summer markets. As in recent months, activity was spread across maturities – adding to core exposure in three-month paper from names such as HSBC and KBC, but also adding selectively to six-month paper where we felt yields offered value against our models, including United Overseas Bank and Rabobank. In addition, we added six-month treasury bills at yields over 4%.

Royal London Sterling Credit Fund

Government bond yields edged higher in August as investors weighed rising energy-driven inflation risks against moderate economic growth. It was a largely uneventful month for credit markets, with most of the volatility being contained to government bond markets. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. Credit remained well supported by healthy corporate fundamentals and strong issuance, coming mainly from the tech sector.

The fund saw positive returns for August. Relative to the benchmark, our sector allocation and stock selection within the structured sector – was the main driver of positive relative performance, while our underweight in supranationals was also helpful. The modest long duration stance was a small negative in a month where yields edged higher.

We remain confident that active management can continue to add value in sterling credit. Diversification by sector and issuer, secured and collateralised debt, and attractive all-in yields remain key portfolio themes.

Royal London Sterling Extra Yield Bond Fund

Government bond yields edged higher in August as investors weighed rising energy-driven inflation risks against moderate economic growth. It was a largely uneventful month for credit markets, with most of the volatility being contained to government bond markets. Spreads tightened in corporate credits, with high yield markets seeing most of this tightening while investment grade credit was broadly stable. While inflation data and comments from the US Federal Reserve later in the month caused some volatility, credit remained well supported by healthy corporate fundamentals and strong issuance, coming mainly from the tech sector.

Positive returns in the month were driven by the fund's structured holdings, with bank, insurance and consumer services bonds also contributing strongly. Returns were broad based with no sector delivering negative returns. By rating, our high yield bonds produced a resilient performance, with the fund's investment grade and unrated bonds also positive.

The fund took part in a new issue from Ocean Yield. The firm – which is set to see an improvement to its credit profile from a proposed takeover from higher-rated logistics giant Maersk – issued new US dollar denominated hybrid bonds. There were also deals made in a new subordinated US dollar issue from French lender BNP Paribas and an attractive deal from specialist mortgage lender Vida Bank, yielding over 11%.

Fixed Income

Royal London UK Government Bond Fund

Market volatility remained elevated during the month, with developments in the Middle East continuing to dominate headlines and influence investor sentiment and market volatility. Gilt yields gradually moved higher, with 10-year gilt yields settling above 5% at month-end. Rising commodity prices contributed to renewed inflation concerns, while ongoing worries around global debt levels and fiscal sustainability also weighed on bond markets.

UK economic data was broadly in line with market expectations and thus had limited impact on markets, with short-end rates pricing around 2.5 hikes by the BoE by the end of 2027. Meanwhile, the Jackson Hole symposium was the month's key policy event, but while Fed Chair Warsh's remarks carried a slightly hawkish tone, they offered few significant surprises, leaving market expectations for monetary policy broadly unchanged.

Against this backdrop, the fund used the market sell-off to add duration, ending the month over 1-year long versus the benchmark. This was achieved through continuous tactical trading of 7-year gilts. Following strong breakeven performance, the fund switched its 25-year UK inflation exposure back into nominal 25-year gilts. There were no changes to the fund's cross-market positions or yield curve positioning, with the fund maintaining its exposure to 30-year maturity US TIPS.

Royal London Diversified Asset-Backed Credit Fund

Governments around the world felt growing pressure from bond markets as yields continued to edge higher in August. Investors remained focused on the inflationary impact of higher energy prices, alongside evidence that economic growth appeared to be resilient. Despite this backdrop, global credit markets strengthened during the month, with stable investment grade spreads supported by good demand despite heavy technology-sector issuance. Corporate credit was a notable outperformer during the month, and high yield spreads narrowed to their lowest level over the past 12 months.

The fund delivered strong returns in this market, with the impact of rising government bond yields dampened by the controlled duration in the portfolio and offset by continuing robust income generation and general spread tightening. The fund's diversity of holding continues to be an attribute and, in particular, our holdings in Assura and Telereal contributed to performance.

We added several new issues during August. In financials, we took part in the issuance of senior bonds by the Desjardins Group, the highly rated Canadian cooperative financial group. In corporates, we bought a new long-dated issue from Deutsche Telekom, the partially state-owned German telecommunications company, which came at an attractive new issue premium compared with the company's existing debt.

Disclaimers

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RL Corporate Bond Fund, RL Investment Grade Short Dated Credit Fund, RL Sterling Credit Fund, RL Global Index Linked Fund, RL UK Government Bond fund, RL Index Linked, RL Short Duration Global Index Linked Fund and RL Short Duration Gilts Fund, RL Short Term Fixed Income Fund, RL Short Term Fixed Income Enhanced Fund, RL Short Term Money Market Fund, Royal London Diversified Asset-Backed Credit Fund:

The Funds are sub-funds 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.

RL Ethical Bond Fund, RL Short Duration Credit Fund

The Funds are sub-funds of RL Bond Funds II ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001128. 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.

RL Global Bond Opportunities Fund, RL Sterling Extra Yield Bond Fund, RL Global High Yield Bond Fund, RL Short Duration Global High Yield Bond Fund, RL Sterling Liquidity Money Market Fund:

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 under the Financial Services and Markets Act 2000. The Management Company is Fund Rock 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.

RL Global Mezzanine ABS Fund, RL Global Senior ABS Fund:

The Fund is a sub-fund of Royal London Asset Management Investment Funds ICAV, an Irish collective asset-management vehicle authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and the AIFM Regulations and has been established as an umbrella fund with segregated liability between Funds. It is not a recognised scheme under the Financial Services and Markets Act 2000. 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.

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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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.

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

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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.

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Risk and Warnings

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.

Charges from capital risk

Charges are taken from the capital of the Fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.

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.

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.

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.

EPM techniques risk

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.

Derivative risk

The fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

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.

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.

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.

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.

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. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

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.

Unrated bond risk

Non-rated bonds may have the characteristics of either investment or sub-investment grade bonds. Market activity in unrated securities and instruments may be low for a considerable period of time and this may impact on liquidity.

Risk and Warnings

Stable NAV risk

The Fund is not the same as a bank deposit account. It is designed such that it will seek, for the Distribution Classes, to maintain the Net Asset Value per Share at a fixed value by distributing income from the Fund as it arises. However, whilst the Fund's investments are reasonably believed by the Investment Manager to be of high quality, there is always a risk that an underlying issuer could default or otherwise fall in value, resulting in the Fund being unable to maintain the Net Asset Value per Share at a fixed value and therefore a loss of capital will occur. The risk of loss is to be borne by the investor. There is no representation or warranty that the Fund will be able to maintain a stable Net Asset Value per Share.

Inflation risk

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

Money market fund risk

A Money Market Fund is not a guaranteed investment, and is different from an investment in deposits. The principal invested in the Fund is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the NAV per share.

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 non-sustainable funds.

Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

Leverage risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

Short Term Money Market Fund

The Fund has been authorised as a Variable Net Asset Value (VNAV) MMF and is a short term money market fund in accordance with MMF Regulation. The NAV is calculated using mark to market prices where possible otherwise mark to model prices are used. The redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.

Sterling Liquidity Money Market Fund

The Fund has been authorised as a Low Volatility Net Asset Value (LVNAF) MMF and is a short-term money market fund in accordance with MMF Regulation which seeks to maintain a stable NAV under the condition that the stable NAV does not deviate from the Net Asset Value per share by more than 20 basis points. In case of a deviation of more than 20 basis points between the stable NAV and the Net Asset Value per share, the following redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.