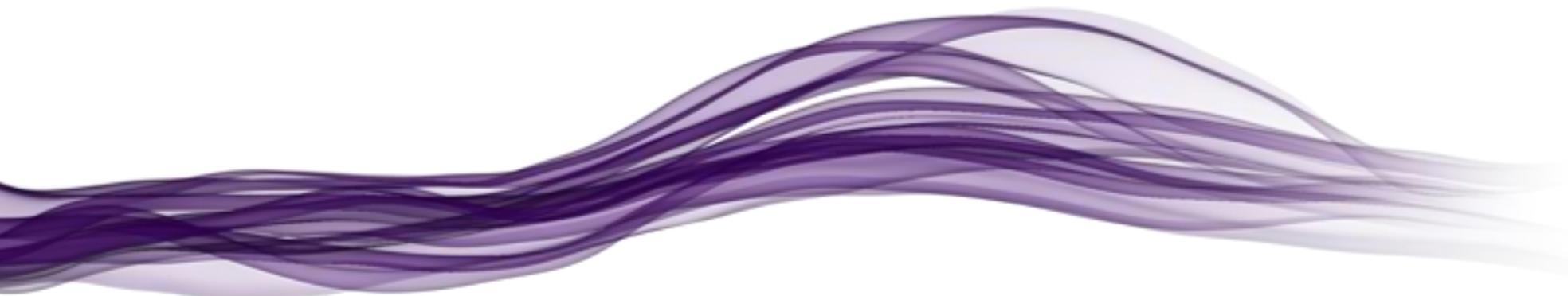


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Royal London Asset Management

Fixed Income Fund Commentary

31 January 2026

Fund Commentary

31 January 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.

Contents

[Royal London Corporate Bond Fund](#)

[Royal London Ethical Bond Fund](#)

[Royal London Global Bond Opportunities Fund](#)

[Royal London Global High Yield Bond Fund](#)

[Royal London Global Index Linked Fund](#)

[Royal London Global Mezzanine ABS Fund](#)

[Royal London Global Senior ABS Fund](#)

[Royal London Index Linked Fund](#)

[Royal London Investment Grade Short Dated Credit Fund](#)

[Royal London Short Duration Credit Fund](#)

[Royal London Short Duration Gilts Fund](#)

[Royal London Short Duration Global High Yield Bond Fund](#)

[Royal London Short Duration Global Index Linked Fund](#)

[Royal London Short Term Fixed Income Enhanced Fund](#)

[Royal London Short Term Fixed Income Fund](#)

[Royal London Short-Term Money Market Fund](#)

[Royal London Sterling Liquidity Money Market Fund](#)

[Royal London Sterling Credit Fund](#)

[Royal London Sterling Extra Yield Bond Fund](#)

[Royal London UK Government Bond Fund](#)

[Disclaimers](#)

Fixed Income

Royal London Corporate Bond Fund

In January, global government bonds delivered mixed returns during the month as yields rose across the long end of the curve in most regions. Corporate bonds delivered positive returns, albeit lower than average for January, as spreads over government bond yields narrowed across the curve.

The fund saw positive returns for January outperforming its benchmark. The main contributor to relative performance was stock selection in banks and insurance bonds. Overweight exposure to structured bonds supported returns over the month.

We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios, as we look to exploit market inefficiencies. In a diversified portfolio with an emphasis on security, we believe that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

Royal London Ethical Bond Fund

In January, global government bonds delivered mixed returns as yields rose across the long end of the curve in most regions; in the UK, we saw 30-year gilt yields rise more than 10-year gilt yields, resulting in the curve to steepen. Corporate bonds delivered positive returns, as spreads over government bond yields narrowed across the curve.

The fund achieved positive returns and outperformed its benchmark. The main drivers of this outperformance was primarily security selection, supported by credit allocation. By security selection, our bank holdings were particularly strong, with Nationwide Building Society and Skipton Building Society among the best performing.

The fund took part in a new tier 2 issue by French bank Credit Agricole, and new senior notes by Danske Bank. The fund also selectively looked to add in the AT1 market, investing in new bonds from Paragon Banking, a UK provider of buy-to-let mortgages and savings accounts.

Royal London Global Bond Opportunities Fund

The fund saw a positive return over the month in sterling terms. January saw positive returns for global credit markets, with euro investment grade markets outperforming sterling and US dollar equivalents. Gains were modest, with government bond yields marginally higher and credit spreads slightly tighter, with returns also aided by the positive carry on the asset class. Returns were also helped by exposure to contingent capital bank bonds, which performed well.

We continued to add to holdings using the new issue market. There were opportunities in a number of diverse areas, including drilling waste management firm TWMA, Italian utility Enel and Spanish telecoms provider Telefonica. We also effected a switch in Dutch insurer Achmea, adding yield with little difference in risk on the bonds.

At a fundamental level, we still believe that credit spreads over-compensate investors for default risk, and that the all-in yield on credit remains attractive. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies.

Fixed Income

Royal London Global High Yield Bond Fund

The high yield market started the year strongly, with a risk-on sentiment across the market. Both Europe and US assets had a constructive investor demand and supportive macroeconomic conditions. There was a pause, however, in the lead up to President Trump's Davos speech with the uncertainty Greenland. Once it was clear the worst possible outcomes weren't going to materialise, the market resumed its risk-on sentiment to produce a positive return. This resulted in high yield spreads tightening with government yields widening.

The new issuance market was robust in January with \$28.7bn issued in US high yield and \$45.2bn issued in global high yield.

The fund saw a positive return in the month, with absolute performance driven by our healthcare holdings. Versus the benchmark, the fund was behind in the month on our technology & electronics bonds. By rating, our BB bonds were behind the benchmark but reported strong absolute returns. Regionally, our US assets underperformed but, again, reported strong absolute returns.

Royal London Global Index Linked Fund

Global sovereign bond markets were driven in January by geopolitics, domestic political developments, heavy European supply, central bank dynamics and shifting market positioning. In the UK, real yields fell in the first part of the month, before selling off in the second half on renewed political concerns, while breakevens were higher on increased demand.

The fund produced a positive return over the month. Our long duration position was helpful for performance, as was tactical trading of inflation, but our bias towards flatter curves hurt performance as long-dated bonds sold off, causing the UK curve to steepen. Cross market exposure was mixed, with a negative impact from our Australia position mitigated by profits on tactical positions in France and the US.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events which will continue into February. Trump policies and geopolitics will continue to add to volatility as seen over the past few months. Expectations for central bank activity are now mixed. By the end of 2026, the US and UK each have two rate cuts priced into markets, with no cuts priced in Europe and rate hikes expected in Japan, Canada and Australia.

Fixed Income

Royal London Global Mezzanine ABS Fund

January issuance did not disappoint, with the European securitised market opening the year strongly, seeing nine transactions totalling EUR6.5bn equivalent of paper across both UK and euro RMBS and ABS. Strong investor demand was observed with several transactions seeing significant tightening from initial pricing. Substantial coverage levels were witnessed across the stack. A diversified RMBS and ABS supply pipeline is expected in the coming months. The imminent pipeline for CLOs is heavy, with the return of M&A, a growing manager list and strong demand which could potentially increase with Solvency II changes.

Elsewhere, the Australian securitisation market is expected to remain strong in 2026, supported by strong technicals of the supply and demand dynamics evident at the end of 2025.

We deployed some of our cash into the new issue pipeline in January but as execution was strong and compression was seen across most asset classes, we will look to deploy further in February as the heavily predicted Australian pipeline comes into play.

Royal London Global Senior ABS Fund

January issuance did not disappoint, with the European securitised market opening the year strongly, seeing nine transactions totalling EUR6.5bn equivalent of paper across both UK and euro RMBS and ABS. Strong investor demand was observed with several transactions seeing significant tightening from initial pricing. Substantial coverage levels were witnessed across the stack. A diversified RMBS and ABS supply pipeline is expected in the coming months. The imminent pipeline for CLOs is heavy, with the return of M&A, a growing manager list and strong demand which could potentially increase with Solvency II changes.

Elsewhere, the Australian securitisation market is expected to remain strong in 2026, supported by strong technicals of the supply and demand dynamics evident at the end of 2025.

We deployed some of our cash into the new issue pipeline in January but as execution was strong and compression was seen across most asset classes, we will look to deploy further in February as the heavily predicted Australian pipeline comes into play.

Fixed Income

Royal London Index Linked Fund

Global sovereign bond markets were driven in January by geopolitics, domestic political developments, heavy European supply, central bank dynamics and shifting market positioning. In the UK, real yields fell in the first part of the month, before selling off in the second half on renewed political concerns, while breakevens were higher on increased demand.

The fund produced a positive return over the month. Our long duration position was helpful for performance, as was tactical trading of inflation, but our bias towards flatter curves hurt performance as long-dated bonds sold off, causing the UK curve to steepen. Cross market exposure was mixed, with a negative impact from our Australia position mitigated by profits on tactical positions in France and the US.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events which will continue into February. Trump policies and geopolitics will continue to add to volatility as seen over the past few months. Expectations for central bank activity are now mixed. By the end of 2026, the US and UK each have two rate cuts priced into markets, with no cuts priced in Europe and rate hikes expected in Japan, Canada and Australia.

Royal London Investment Grade Short Dated Credit Fund

In January, global government bonds delivered mixed returns during the month as yields rose across the long end of the curve in most regions. Corporate bonds delivered positive returns, albeit lower than average for January, as spreads over government bond yields narrowed across the curve.

The fund saw positive returns for January outperforming its benchmark. The main contributor to relative performance was stock selection in banks and financials and insurance sectors. Overweight exposure to structured bonds supported returns over the month.

We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios, as we look to exploit market inefficiencies. In a diversified portfolio with an emphasis on security, we believe that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

Royal London Short Duration Credit Fund

In January, global government bonds delivered mixed returns during the month as yields rose across the long end of the curve in most regions. Corporate bonds delivered positive returns, albeit lower than average for January, as spreads over government bond yields narrowed across the curve.

The fund saw positive returns for January outperforming its benchmark. The main contributor to relative performance was stock selection in banks and financials, insurance and consumer services and utility sectors. Overweight exposure to structured bonds supported returns over the month.

We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios, as we look to exploit market inefficiencies. In a diversified portfolio with an emphasis on security, we believe that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

Fixed Income

Royal London Short Duration Gilts Fund

Confidence in UK government bond markets in early January, extending the post-Budget momentum and supported by relative stability in domestic politics. As a result, 10-year yields briefly reached one-year lows before confidence was shaken mid-month by the possibility of Andy Burnham re-entering Parliament and reopening a future leadership bid. Although his candidacy was ultimately blocked, the episode, combined with firmer economic data, saw gilts finish the month with slightly higher yields as expectations for near-term rate cuts moderated.

The fund maintained its long duration position, continuing to trade 6-to-7-year maturity gilts amid market volatility. Overall, the fund ended the month slightly long versus the benchmark.

Cross-market, we bought five-year Australian government bonds outright ahead of the December inflation print. With the market positioned for a potential upside surprise, the in-line print eased concerns and allowed us to take tactical profits quickly.

Royal London Short Duration Global High Yield Bond Fund

The high yield market started the year strongly, with a risk-on sentiment across the market. Both Europe and US assets had a constructive investor demand and supportive macroeconomic conditions. There was a pause, however, in the lead up to President Trump's Davos speech with the uncertainty Greenland. Once it was clear the worst possible outcomes weren't going to materialise, the market resumed its risk-on sentiment to produce a positive return. This resulted in high yield spreads tightening with government yields widening.

The new issuance market was robust in January with \$28.7bn issued in US high yield and \$45.2bn issued in global high yield.

The fund produced a positive return in January in what was a strong month for the wider market. All sectors except for technology produced a positive return for the fund. Asset composition was broadly unchanged over the month.

Royal London Short Duration Global Index Linked Fund

Global sovereign bond markets were driven in January by geopolitics, domestic political developments, heavy European supply, central bank dynamics and shifting market positioning. In the UK, real yields fell in the first part of the month, before selling off in the second half on renewed political concerns, while breakevens were higher on increased demand.

The fund produced a positive return over the month. Our long duration position was helpful for performance, as was tactical trading of inflation, while our bias towards flatter curves was negative. Cross market exposure was mixed, with a negative impact from our Australia position mitigated by profits on tactical positions in France and the US.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events which will continue into February. Trump policies and geopolitics will continue to add to volatility as seen over the past few months. Expectations for central bank activity are now mixed. By the end of 2026, the US and UK each have two rate cuts priced into markets, with no cuts priced in Europe and rate hikes expected in Japan, Canada and Australia.

Fixed Income

Royal London Short Term Fixed Income Enhanced Fund

There was no Bank of England meeting in January, with market attention on activity and inflation data for clues on further potential rate cuts.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through January. Two-year gilts, often seen as a proxy for market expectations of BoE rates, traded sideways, starting the month at 3.71% and ending at 3.72%.

With the traditional year-end lull over, market activity was higher in January. We took advantage of attractive one-year rates to add selectively, notable names being Standard Chartered and First Abu Dhabi. In covered bonds, we added a new issue for five-year covereds from Toronto Dominion Bank at a very healthy premium to SONIA, also adding new issues from insurers New York Life and Pacific Life, but six-year bonds paying almost 100bps over equivalent gilts with the bonds ranking alongside policyholders.

Royal London Short Term Fixed Income Fund

There was no Bank of England meeting in January, with market attention on activity and inflation data for clues on further potential rate cuts.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through January. Two-year gilts, often seen as a proxy for market expectations of BoE rates, traded sideways, starting the month at 3.71% and ending at 3.72%.

With the traditional year-end lull over, market activity was higher in January. We took advantage of attractive six-month and one-year rates to add selectively, notable names being SEB and NatWest. In covered bonds, we added a new issue for five-year covereds from Principality Building Society and Toronto Dominion Bank at very healthy premia to SONIA, funding the latter by selling one-year covereds from the same issuer at a much tighter spread.

Royal London Short-Term Money Market Fund

There was no Bank of England meeting in January, with market attention on activity and inflation data for clues on further potential rate cuts.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through January. Two-year gilts, often seen as a proxy for market expectations of BoE rates, traded sideways, starting the month at 3.71% and ending at 3.72%.

With the traditional year-end lull over, market activity was higher in January. We continued to focus on three-month paper at around 4%, with examples including BNP Paribas, Sumitomo Mitsui and Lloyds. We also took advantage of attractive six-month rates to add selectively, notable names being Canadian Imperial Bank of Commerce and ING – both offering considerably more than SONIA for a period where we expect to see rates fall.

Fixed Income

Royal London Sterling Liquidity Money Market Fund

There was no Bank of England meeting in January, with market attention on activity and inflation data for clues on further potential rate cuts.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through January. Two-year gilts, often seen as a proxy for market expectations of BoE rates, traded sideways, starting the month at 3.71% and ending at 3.72%.

With the traditional year-end lull over, market activity was higher in January. We continued to focus on three-month paper at around 4%, with examples including BNP Paribas, Sumitomo Mitsui and Lloyds. We also took advantage of attractive six-month rates to add selectively, notable names being Canadian Imperial Bank of Commerce and ING – both offering considerably more than SONIA for a period where we expect to see rates fall.

Royal London Sterling Credit Fund

In January, global government bonds delivered mixed returns during the month as yields rose across the long end of the curve in most regions. Corporate bonds delivered positive returns, albeit lower than average for January, as spreads over government bond yields narrowed across the curve.

The fund saw positive returns for January outperforming its benchmark. The main contributor to relative performance was stock selection in banks and financials, insurance, consumer services and utility sectors. Overweight exposure to structured and insurance bonds supported returns over the month.

We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios, as we look to exploit market inefficiencies. In a diversified portfolio with an emphasis on security, we believe that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

Royal London Sterling Extra Yield Bond Fund

In January, global government bonds delivered mixed returns as yields rose across the long end of the curve in most regions; in the UK, 10-year and 30-year gilt yields rose around 4bps and 8bps respectively, leading to a marginally negative return for gilts in the month. Corporate bonds delivered positive returns, as spreads over government bond yields narrowed across the curve.

The fund decreased exposure to gilts over the month, seeing attractive opportunities in the bank sector, where primary issuance was robust. The fund took part in a new euro-denominated issue by French banking group BPCE and new sterling-denominated notes by Bank of Montreal. We also added a new tier 2 issue from Credit Agricole and also bought into a US dollar-denominated AT1 perpetual bond from UBS.

The positive performance was broad-based, with the fund's investment grade, high yield and unrated bonds all delivering positive returns. By sector, our bank and structured holdings were strong performers.

Fixed Income

Royal London UK Government Bond Fund

Confidence in UK government bond markets in early January, extending the post-Budget momentum and supported by relative stability in domestic politics. As a result, 10-year yields briefly reached one-year lows before confidence was shaken mid-month by the possibility of Andy Burnham re-entering Parliament and reopening a future leadership bid. Although his candidacy was ultimately blocked, the episode, combined with firmer economic data, saw gilts finish the month with slightly higher yields as expectations for near-term rate cuts moderated.

The fund maintained a long duration position and continued to tactically trade market volatility, ending the month having extended the position. We exited our long-dated Japan position, and switched some 30-year Australian bonds into 10-year Australia, as well as participating in the new Australian 10-year supply.

We expect economic data to remain weak, with inflation trending back towards target by the end of the second quarter. The BoE's February meeting will be watched closely for the committee vote split.

Disclaimers

Important information

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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:

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RL Ethical Bond Fund, RL Short Duration Credit Fund

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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.

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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.

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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.