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Royal London Sterling Extra Yield Bond Fund

Quarterly Investment Report

30 June 2026

Quarterly Report

The fund as at 30 June 2026

The purpose of this report is to provide an update on the Royal London Sterling Extra Yield Bond Fund. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

Contents

ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund aims to generate a high level of income. The Benchmark is being used by the Fund for performance comparison purposes only. The Fund will be actively managed and its portfolio will not be constrained by reference to any index. The Fund seeks to achieve a gross redemption yield of 1.25 times the gross redemption yield of the FTSE Actuaries British Government 15 years index (the "Benchmark"). The Benchmark is being used by the Fund for performance comparison purposes of the gross redemption yield of the securities held by the Fund only.

Fund value

	Total £m
30 June 2026	1,887.52

Asset allocation

	Fund (%)
Conventional credit bonds	97.24
Index linked credit bonds	1.23
Conventional gilts	0.12
Other	1.41

Fund analytics

	Fund
Fund launch date	11 April 2003
Fund base currency	GBP
Benchmark	FTSE Actuaries British Government 15 years Index
Duration (years)	4.22
Redemption yield (%)	7.21
Number of holdings	273
Number of issuers	206

Performance to 30 June 2026

Performance

	3 Month (%)	6 Month (%)	YTD (%)	1 Year (%)	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)
A Inc GBP	2.65	3.15	3.15	9.08	11.46	6.61	7.93
Z Inc GBP	2.65	3.15	3.15	9.08	11.46	6.61	7.24

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Source: Royal London Asset Management; Gross performance.

Performance based on RL Sterling Extra Yield Bond Fund (A Inc), since inception date of the share class is 11 April 2003 and RL Sterling Extra Yield Bond Fund (Z Inc), since inception date of the share class is 13 December 2013.

Performance commentary

The second quarter saw positive returns across credit markets. Against this, the fund's investment grade, high yield and unrated bonds all delivered strong positive returns, with the unrated portion of the portfolio the relative underperformer but still seeing good returns.

The general risk-on environment in the quarter meant that all parts of global credit markets saw positive returns. This included global investment grade, CoCos (contingent capital bonds), corporate hybrid markets and global high yield markets. The quarter was a good demonstration of our investment process. As well as incorporating a high degree of diversification, our process looks to identify value within credit markets across a range of assets including US dollar, euro and sterling investment grade bonds, high yield and unrated bonds.

Distributions in respect of the second quarter of 2026, payable at the end of August, are 1.82p, 1.79p, 1.73p and 1.70p respectively for the A, B, Y and Z class income shares. These compare to amounts of 1.86p, 1.83p, 1.74p, and 1.72p distributed in respective for the first quarter of 2026.

The fund's performance was behind broad sterling investment grade credit markets. At a portfolio level, the key drivers of returns remain the strong diversification across sectors and currencies and the income generated.

Looking more closely at security selection, there were strong contributions across the portfolio. Within banks, we have a bias towards high quality, well capitalised issuers. There were strong contributions from AT1 holdings in Barclays, Nationwide and Lloyds, as financial subordinated debt rallied in the second quarter, helped by expectations that rate rises would not be as large as previously feared.

In other sectors, insurance was another strong contributor. Performance was driven primarily by subordinated holdings such as M&G, with RT1 bonds from Just Group also performing well.

Exposure to general industrials was another strong positive for the fund in the quarter. Most notably, Diversified Oil & Gas, Amedeo Air Four, Danish North Sea oil operator BlueNord, and offshore accommodation provider Jacktel were top contributors. There was also strong performance by Intu Metro shopping centre and Tesco Property within the structured sector.

Performance and activity

Top 10 holdings

	Weighting (%)
Electricite de France SA 7.375% VRN Perp	2.69
Intu Metrocentre Finance 4.125% 16/01/2029	2.24
Santander UK 10.0625% Perp	1.93
Nationwide Building Society 10.25% VRN Perp	1.91
Santander UK 10.375% Pref Perp	1.87
Centrica PLC 6.5% VRN 21/05/2055	1.73
M&G Plc 5.7% VRN 19/12/2063	1.64
Co-Op Wholesale Soc 6.25% 08/07/2026 STEP	1.61
Phoenix Group Holdings PLC 5.75% VRN Perp	1.58
Canary Wharf Group Investment H 3.375% 23/04/2028	1.54
Total	**18.74**

Fund activity

It was a busy second quarter of issuance, with primary market activity particularly in US dollar and euro markets strong while sterling was more moderate.

Banks and financials remain a large part of broad corporate bond markets and we continue to favour the sector, as the credit spreads available provide attractive compensation for the risks taken. AT1 bonds are deeply subordinated and are designed to absorb losses should a bank have difficulties – with RT1 bonds similarly attractive when issued by insurers. Our exposure to these bonds is limited to those institutions where our credit analysis shows a strong capital position and business model, as well as offering an attractive yield to reflect the risks of the instrument. Examples where we identified high quality offerings over the quarter included a sterling-denominated note issued by Natwest and Shawbrook Group.

We also added Tier 2 debt from Macquarie Bank, Starling Bank and Vanquis Banking. In the insurance sector, we participated in a new RT1 deal from German insurer Allianz.

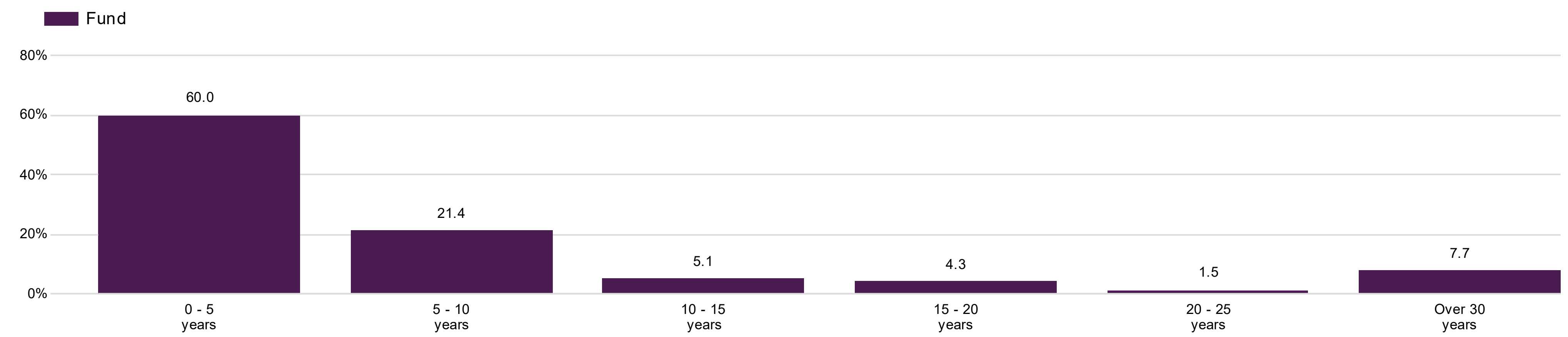
In the energy sector, hybrid bond issuance remains popular given its favourable treatment by rating agencies. Given the higher leverage and subordinated lending position of these instruments, we are very selective in this area, but over the quarter added a new sterling-denominated hybrid from French utility Engie at a yield well over 6%. We also added a new issue from Serica Energy at a yield of over 8%.

A key part of the fund approach is to identify smaller issues that offer value and add to overall diversification. An example of this over the quarter was a new issue from Canadian supply chain service provider Canada Cartage, a five-year issue from offshore services provider Bluewater, yielding over 10%, and a four-year issue from Spanish shipping firm Empresa Naviera, these bonds yielding near 10%.

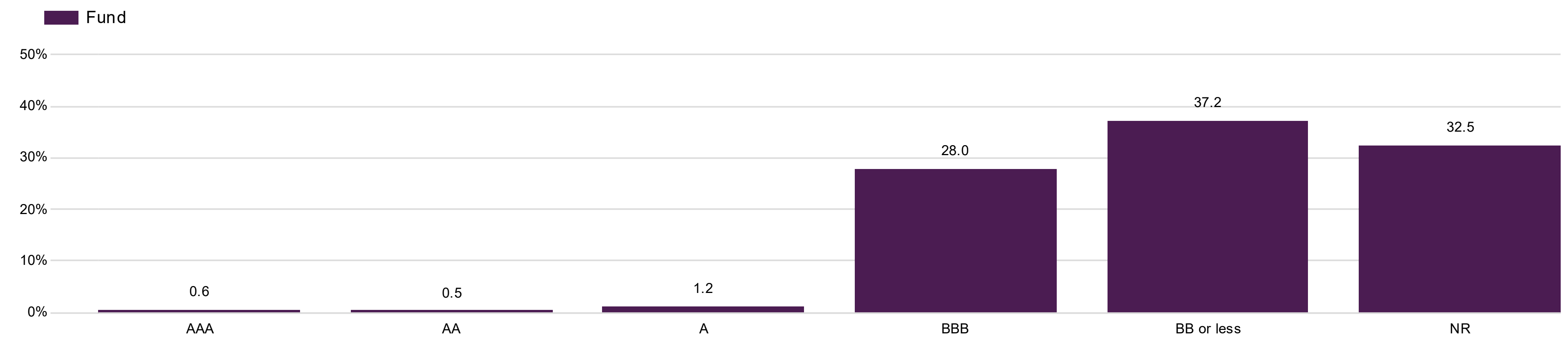
The fund also participated in a euro-denominated floating rate note from ‘fertigation’ – which combines irrigation and fertilisation – company Fertiberia, with spreads of 500bps over equivalent government bonds. Staying within the general industrials sector, a favoured sector of the fund, there was new US dollar issues added from Bluenord, a five-year deal with a coupon of over 7.5%, and a three-year deal from HEA Energy.

Fund breakdown

Maturity profile

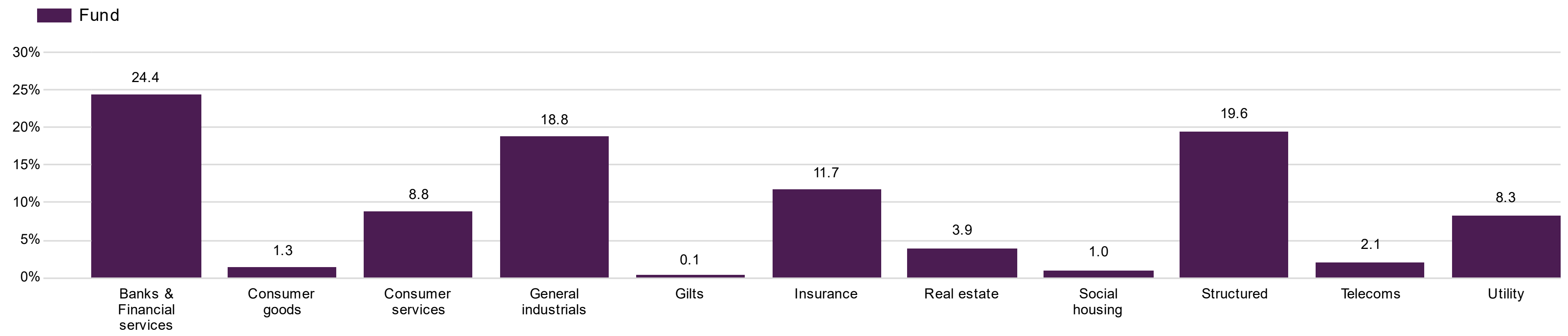


Credit Ratings

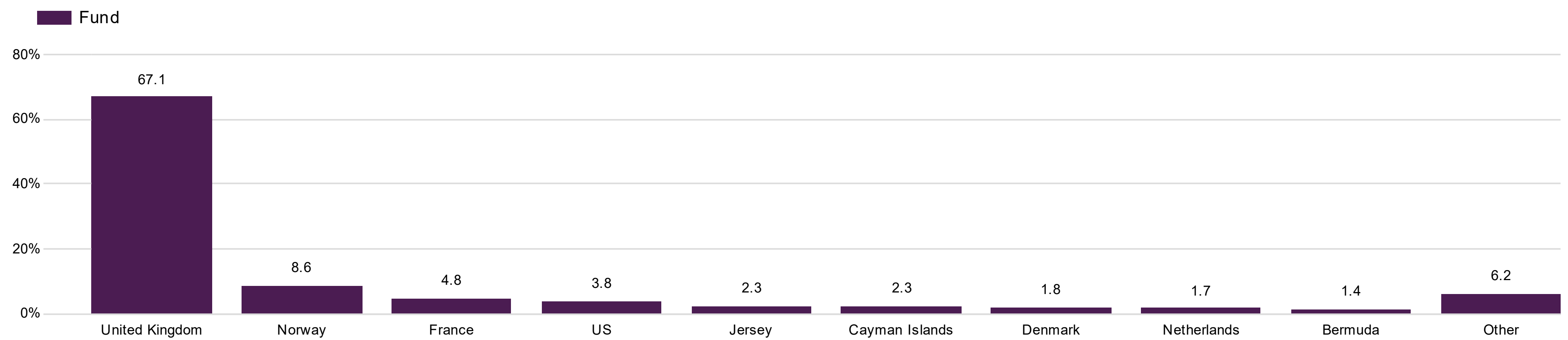


Fund breakdown

Sector breakdown



Geographical breakdown



Fund Engagement

Engagement definition

Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	11	21
Number of engagements	13	50

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

Total engagements by theme and topic

Climate	**11**
Climate - Transition Risk	8
Climate - Physical Risk	3
Social & Financial Inclusion	**2**
Just transition	1
Labour & Human Rights	1
Technology, Innovation & Society	**2**
Technology & Society	2

The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

Fund Engagement

Engagement outcomes

Barclays PLC - Climate - Transition Risk

Purpose:

We engaged Barclays PLC, a global banking and financial services company, as part of Royal London Asset Management's Net Zero Stewardship Programme to assess its progress on climate strategy ahead of its Annual General Meeting (AGM).

Outcome:

We attended an online investor event with Barclays' Climate and Investor Relations teams, at which the company reiterated its commitment to becoming a net zero bank by 2050, underpinned by 2030 sectoral targets aligned to a 1.5 degrees Celsius pathway. The bank highlighted that it has already achieved approximately a 90% reduction in market-based Scope 1 and 2 emissions - covering its own direct and energy-related emissions - through full renewable electricity sourcing. Barclays positioned its Climate Transition Framework as the central tool for assessing the transition quality of its clients, governing engagement and informing lending decisions, noting that coverage has expanded five-fold and is supported by artificial intelligence (AI) analytics.

The bank reported a record year for transition finance in 2025, with £500 million of balance-sheet equity investment committed to support transition activity. It acknowledged, however, that progress across sectors and regions remains uneven, and that some material exposures still lack explicit targets due to data and benchmark gaps. Barclays also confirmed it maintains no formal commitment to the Science Based Targets initiative (SBTi). We will continue to monitor whether the bank translates its framework commitments into broader, measurable financed-emissions targets across its full balance sheet.

Electricite de France SA - Climate - Transition Risk

Purpose:

We engaged Electricite de France SA, a French state-owned energy and utilities company, as part of Royal London Asset Management's Net Zero Stewardship Programme to better understand its approach to managing climate-related transition risks within its long-term business strategy.

Outcome:

During our engagement, we sought to understand how Electricité de France SA (EDF) is positioning itself for the transition to a lower-carbon economy, given the significant investment required across its nuclear, renewable energy and network infrastructure portfolio. The company acknowledged our concerns as a serious matter and engaged constructively with the questions we raised.

EDF highlighted several areas of progress, including achieving its lowest-ever carbon intensity of 26.5 gCO2/kWh in 2025, supported by increased nuclear generation and lower thermal gas production. The company also reported a reduction in Scope 3 emissions, while recognising that gas sales continue to present challenges. We discussed EDF's role in supporting electrification and were encouraged to hear about a recently announced €240 million programme to support low-income households and SMEs with measures including heat pumps and electric vehicle adoption.

We explored the opportunities and challenges associated with increased electrification, including the need for substantial investment in electricity networks to support renewable energy integration, electric vehicle charging and evolving patterns of electricity demand. EDF also provided an update on its climate adaptation strategy, highlighting the importance of water resources to its hydroelectric, nuclear and thermal generation assets. The company outlined how it assesses climate-related vulnerabilities and develops resilience measures to manage the potential impact of changing weather patterns on future generation. We were encouraged by EDF's continued focus on decarbonisation, electrification and climate resilience, and will continue to monitor progress in these areas.

Fund Engagement

Engagement outcomes

John Lewis Partnership PLC - Climate - Transition Risk

Purpose:

We engaged John Lewis Partnership PLC, a retail company to understand its current climate strategy, with a particular focus on scope 3 emissions, agricultural supply chains and its approach to decarbonisation.

Outcome:

The engagement provided an update on John Lewis Partnership's approach to decarbonisation, with a particular focus on supply chain emissions, nature and transition planning. We discussed the company's progress against its science-based targets and its approach to supplier engagement, with John Lewis confirming that more than 50% of Scope 3 emissions are now linked to suppliers with Science Based Targets initiative (SBTi)-approved targets. We also explored how programmes such as Farm Metrics and Farming for Nature are being used to improve emissions data, support lower-carbon farming practices and strengthen understanding of emissions across the value chain.

We encouraged the company to continue developing its approach to transition planning and welcomed plans to publish a climate transition plan aligned with Transition Plan Taskforce (TPT) guidance. The discussion also explored the interaction between climate, nature and animal welfare objectives, with the company acknowledging the practical trade-offs involved in delivering its transition strategy.

NatWest Group PLC - Climate - Transition Risk

Purpose:

We engaged NatWest Group PLC, a retail and commercial banking group, as part of Royal London Asset Management's Net Zero Stewardship Programme to clarify its climate strategy, fossil fuel policy changes, and revised financed-emissions targets following the publication of its latest climate disclosures.

Outcome:

At a pre-AGM meeting with the Chairman and a follow-up call with Investor Relations, NatWest explained its recent revisions to its financing policies and climate targets as pragmatic and risk-based, rather than a weakening of ambition and reaffirmed its commitment to halving financed emissions by 2030. It explained that a shift from sector-level targets to activity-based targets was intended to improve materiality and influence, though we noted this has reduced overall balance-sheet coverage and left some sectors outside scope. NatWest confirmed that capital limits for oil and gas remain unchanged, with exposure below one percent of total lending, and stated there is no appetite to finance fracking despite changes in how this is described in its reporting. The removal of blanket client transition assessment requirements was framed as enabling more nuanced, case-by-case decision-making and the bank highlighted strengthened board-level oversight and internal climate governance frameworks. We noted that further transparency is needed on target coverage, guardrails as applied in practice, and portfolio limits. We agreed to re-share our expectations on responsible lobbying, and NatWest committed to providing further information on its governance around cybersecurity and the use of artificial intelligence.

Market commentary

Market overview

Headlines and markets were dominated by the US and Iran during the past quarter. The disruption to oil supply via the Strait of Hormuz pushed oil prices to levels last seen following the Russian invasion of Ukraine in 2022. Although a ceasefire was announced towards the end of the period, causing prices to ease, these remain above pre-crisis levels.

From a macroeconomic perspective, growth forecasts remain subdued, and inflation remains above central bank target levels. The major change over the quarter was central bank rate expectations. At the start of the period, markets were pricing in multiple hikes in the US, euro zone and UK, but these expectations were tempered as the period progressed – with the changing outlook the key driver of markets over the quarter.

In the wake of the conflict in the Middle East, business surveys pointed to slower growth in Q2. The UK and euro area composite PMI business survey data indicated a modest contraction in private sector output. The US composite PMI held up better, above 50 and rising over most of Q2. Manufacturing was supported by firms bringing forward activity ahead of expected price rises and potential shortages. However, as tensions in the Middle East calmed and the oil price fell, the June survey data pointed to some unwind of that support.

Higher oil and gas prices pushed up headline inflation across most economies, primarily via fuel and energy-related components. Business surveys also pointed to a squeeze on input costs and a deterioration in delivery times, reflecting supply chain disruptions. By June, however, there were signs of easing supply chain disruptions following increased shipping flows through the Strait of Hormuz.

The US Federal Reserve kept rates on hold in both April and June. The June participant projections, however, showed nine out of 18 participants pencilling in a 2026 rate hike alongside upward revisions to the median inflation forecast, although the projections would not have fully reflected the fall in the oil price seen later in the quarter. Kevin Warsh replaced Jerome Powell as chairman of the US Federal Reserve and in June held his first press conference. He avoided giving guidance on the path for interest rates but struck a more hawkish tone than many anticipated.

US tariff refunds under the IEEPA framework began, but the US announced a new 10-12.5% tariff on a large number of trading partners relating to forced labour in supply chains. US Q1 GDP (released in Q2) grew a respectable 2.1% quarter-on-quarter annualised, after 0.5 % in Q4 (which was affected by the government shutdown). Business surveys continued to signal solid growth in Q2.

The European Central Bank (ECB) raised rates by 25bp in June as the inflation impact of higher energy prices showed signs of broadening. Euro area GDP fell 0.2% quarter-on-quarter in Q1, although the fall was exaggerated by GDP volatility in Ireland.

The Bank of England (BoE) kept rates on hold with two members voting for a rate hike. By the end of the quarter, given lower oil prices, markets had lowered expectations of future rate hikes from both the ECB and BoE from levels seen earlier in the quarter. UK GDP growth was strong in Q1 by UK standards, increasing by 0.6% quarter-on-quarter (non-annualised) after 0.1% quarter-on-quarter in Q4. However, business surveys pointed to a significant slowing in Q2.

Political uncertainty rose in the UK, where poor local election results were ultimately followed by the resignation of UK Prime Minister Keir Starmer. By the end of the quarter, former Greater Manchester Mayor Andy Burnham was widely expected to succeed him.

Labour market trends have diverged somewhat. In the US, employment growth saw signs of increased momentum after a year of subdued employment growth. The euro area unemployment rate remained near historically low levels. However, the UK labour market remained soft. The number of payrolled employees fell on average over April and May, though the unemployment rate was relatively stable. Vacancies have fallen and the PMI employment indicator remained weak compared to other countries.

Headline inflation jumped in most economies, reflecting higher energy costs. In the US, CPI inflation jumped up from 2.4% year-on-year in February to 4.2% year-on-year by May. UK inflation has been bumpy over the quarter but is widely expected to rise after household energy bills reflect higher wholesale prices in July (when the Ofgem price cap updates). In the euro area, higher energy prices pushed inflation from near the 2% target to 3.2% by May.

Government bond markets remained volatile during the second quarter as markets balanced persistent inflation pressures, shifting central bank expectations and ongoing geopolitical uncertainty. However, markets moved away from the sharp repricing seen in the first quarter, with some support returning to duration by quarter end as energy prices retreated, and fears of a prolonged supply shock eased. Yield movements were driven less by expectations of imminent rate cuts and more by concerns that policy rates may need to remain higher for longer. Short-dated bonds experienced the largest swings as markets reassessed monetary policy paths, while longer-dated yields reflected uncertainty around inflation, growth and fiscal borrowing requirements, particularly, in the UK, in view of the potential change of UK prime minister and policy changes that this might also bring.

Market commentary

In the UK, 10-year gilt yields rose above 5% during May before retracing some of those gains, ending June at 4.76%. US Treasury yields also moved higher over the quarter, with the 10-year Treasury yield ending June at 4.44%, down from 4.92% at the end of March. Across Europe, government bond markets experienced similar volatility as markets adjusted expectations for the pace of future policy easing. The German 10-year bund yield was 2.87% at the end of the second quarter, down from 2.98% three months prior.

Global investment grade credit markets saw positive returns over the quarter. Credit spreads were tighter over the period – reflecting the rebound from the widening initiated by the breakout of conflict in Iran. US dollar, euro and sterling markets all saw positive returns, with sterling the relative outperformer. The sterling investment grade credit market (iBoxx non-gilt index) returned 2.64% over the period under review. Spreads ended the second quarter at 0.76% (iBoxx), compared to 0.85% (iBoxx) at the end of March.

Outlook

While the easing in US-Iran tensions in June helped reduce near-term pressure on oil prices and inflation expectations, the global macro environment is likely to remain unsettled. We expect swings in government bond interest rate volatility to remain an important driver of returns, with markets continuing to reassess the balance between sticky inflation, slowing growth and the extent to which central banks can ease policy.

Near-term absolute performance is likely to be heavily influenced by movements in the yields of underlying government bond markets. We believe that continued emphasis on diversification and our bias towards secured and collateralised debt to help mitigate downgrade risk, as well as our focus on income, will continue to support returns as has been the case through the present environment of volatile yields.

Despite the uncertain outlook at present, a characteristic of the fund is the scope to invest across a wide range of assets, encompassing investment grade, high yield and unrated bonds, diversified by sector and across both sterling and non-sterling bonds. This, together with a process orientated towards mitigating risk by investment in bonds where structure or a claim on assets or on cash flows, and with a focus on income generation, has been the basis of the fund's strong performance over the longer term. While the state and challenges of economic and market conditions change over time, we believe the fund is well positioned to continue to deliver attractive returns to investors over the medium term.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

Royal London Credit & ESG Activity Report

TCFD climate report

Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of www.rlam.com, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

Disclaimers

Important information

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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.

The Fund is a sub-fund 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 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 via the relevant Fund Information page on www.rlam.com. A summary of investor rights is also available in English, and can be accessed at www.rlam.com/uk/policies-and-regulatory

RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

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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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.

Risks 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.

Credit risk

Credit risk is the potential for loss due to a borrower, debtor or debt issuer defaulting on agreed obligations to make interest or capital repayments. Credit ratings are independent assessments of the credit risk of a debtor or an individual debt security. Securities that have a lower credit rating have a higher risk of default.

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.

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.

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.

Performance to 30 June 2026

Cumulative (%) / Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
A Inc GBP (gross)	2.65	3.15	9.08	38.52	37.74	11.46	6.61
A Inc GBP (net)	2.43	2.72	8.17	35.07	32.07	10.53	5.72
Z Inc GBP (gross)	2.65	3.15	9.08	38.51	37.73	11.46	6.61
Z Inc GBP (net)	2.50	2.85	8.45	36.13	33.79	10.82	5.99

Year on year performance (%)

	30/06/2025 - 30/06/2026	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022
A Inc GBP (gross)	9.08	11.14	14.26	2.54	(3.03)
A Inc GBP (net)	8.17	10.21	13.30	1.69	(3.84)
Z Inc GBP (gross)	9.08	11.13	14.26	2.55	(3.04)
Z Inc GBP (net)	8.45	10.49	13.60	1.95	(3.60)

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment.

Source: RLAM as at 30 June 2026. All figures are mid-price to mid-price in GBP.

Glossary

Asset allocation

Breakdown of the assets by asset classes. Based on RLAM asset classification scheme.

Bonds

Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest. Corporate bonds are those issued by companies to raise finance.

Credit ratings

Credit ratings are based on RLAM composite ratings which uses a hierarchy of S&P, Moody's and then the Fitch rating.

Derivatives

A financial instrument whose price is dependent upon or derived from one or more underlying asset.

Duration

Measure of sensitivity of a Fixed Income instrument to changes in interest rates, indicating the potential impact of interest rate fluctuations on the value of the investment.

Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Fund analytics

All figures exclude cash. Credit bonds include non-sterling bonds and CDs where held within the fund or benchmark.
This is applicable to the following sections: fund Asset Allocation, Duration, Yield curve, Sector breakdown, Financial holdings, Credit ratings.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Number of issuers

Number of unique issuers of all assets held by the Fund, excluding cash, currency and derivatives.

Performance

Both the Fund and Index performance are based on close of business prices.

Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

Redemption yield

The weighted average rate of discount at which the future obligations of interest and capital payments of each of the fund's holdings, in each case calculated to the point in time at which each may redeem that results in the worst (lowest) rate, equates to its current price, gross of relevant fund management costs and gross of tax.

Sector breakdown

Breakdown of the fixed income assets, excluding derivatives and cash by RLAM's internal industry sector classification scheme. Figures are subject to rounding.