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Royal London Asset Management

Fixed Income Fund Commentary

31 May 2026

Fund Commentary

31 May 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

Global government bonds generated positive returns despite a volatile geopolitical backdrop. Gilts proved to be stronger than the global average and yields rose sharply into mid-May before easing towards month-end. Long-dated yields remained elevated relative to levels seen prior to the Iran conflict. Sterling investment grade credit spreads tightened more than the global average, narrowing during May to match spread levels seen at the beginning of 2026.

The fund saw positive returns for May and outperformed its benchmark, driven by longer duration exposure and positive sector allocation contribution. Our overweight exposure in insurance and underweight in supranationals were positive contributors.

We believe that all-in yields remain attractive and we continue to find investment opportunities. We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios while providing clients with downside protection through our bias for secured and covenanted issues..

Royal London Ethical Bond Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Global government bond yields were generally flat or slightly higher over the month as fears of energy-driven inflation have not dissipated, with moves again less volatile than seen at the outbreak of hostilities in March.

The fund underperformed in the month, with security selection the biggest detractor. Within this, our bank bonds and structured holdings were the main laggards. The fund's preference, in particular, for subordinated banking debt struggled in the month. Some of the underperformance, however, was offset by the fund's sector allocation, with an underweight in supranational bonds contributing.

In the month, the fund took part in several new issues, with the highlights being a new subordinated issue from NatWest at an attractive yield and a 12-year issue from German real estate investor Vonovia. We also participated in a short-dated issue from Norwegian wind power firm Øyfjellet.

Royal London Global Bond Opportunities Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Global government bond yields were generally flat or slightly higher over the month as fears of energy-driven inflation have not dissipated, with moves again less volatile than seen at the outbreak of hostilities in March. However, there were positive returns across credit markets, with high yield bonds and sterling investment grade markets outperforming. With the latter enjoying a boost from strong performance in the gilt market.

In the month, positive returns were seen across the fund, with high yield, investment grade and unrated bonds all contributing. By sector, our general industrial bonds performed well with Jacktel, Bluenord and DNO some of the biggest contributors. Our bank and insurance holdings were also strong contributors.

The fund was active in the primary market in May, buying into subordinated debt from Vanquis Bank, Swiss health insurer Uniqa Insurance and NatWest, all at attractive yield levels. Staying in financials, the fund added short-dated US dollar bonds from BBVA Mexico, adding geographic diversification. Elsewhere, the fund added hybrid operating company debt from Oncor Electric, the largest regulated electricity transmission and distribution utility based in Texas, US.

Fixed Income

Royal London Global High Yield Bond Fund

Global high yield markets ended the month on the back of a strong rally with the market expecting the war in the Middle East to end soon. As a result, high yield spreads tightened while government bond yields widened. This led to the market to produce a positive return.

After the strong primary market in April, US high yield issuance decreased month on month by about \$12bn to \$26.6bn while global high yield issuance was down slightly by about \$1.4bn to \$56bn. Breaking it down further, the issuance was skewed to higher quality BB names with the proceeds used mainly for refinancing.

The fund's positive absolute returns were driven by our capital goods and leisure holdings, but relative performance was hindered by our energy and technology & electronics bonds. By rating, our overweight single B was beneficial for relative performance while our BB bonds underperformed. Regionally, our Europe bonds outperformed after seeing weakness earlier in the year following the outbreak of the war.

Royal London Global Index Linked Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Real yields fell in global markets supported by a move towards a resolution in the Middle East and sharply lower oil prices. The reduction in energy prices resulted in lower breakeven rates, favouring longer-dated bonds.

The fund outperformed in the month, with a long duration position and a general bias towards the longer end of the curve contributing positively as curves flattened. Elsewhere in the fund, US TIPS underperformed during the month, leading us to increase exposure to the US. We opened a tactical position in nominal bonds, reflecting the view that breakeven rates were excessively high given the decline in oil prices. By the end of May, nominal positions were sold in response to the significant fall in breakevens.

We expect to continue running a strategic long duration position, based on the belief that real rates remain attractive globally, but did reduce the position in May - by selling UK and Australian bonds. Any rise in breakeven rates will prompt a move to buy nominal bonds, as our longer-term view is that breakeven rates are too high.

Fixed Income

Royal London Global Mezzanine ABS Fund

As the conflict in the Middle East continued in May, so did the volatility and interest rate uncertainty. However, May delivered a healthy volume of new issuance, well distributed across auto ABS, consumer ABS and UK RMBS. All trades were consistently met with strong investor appetite with, in some cases, eye watering over subscription levels, seeing shelf record prints being achieved.

As the fragile ceasefire in Iran had held and the Strait of Hormuz remained effectively closed, markets increasingly looked through the geopolitical turmoil toward a renewed growth trajectory. This constructive outlook broadly prevailed throughout the month, with equities, general credit and European ABS/RMBS markets continuing to strengthen.

The desk looked to participate in most of the new issue transactions, however, where considerable tightening was witnessed, capital was deployed in secondary markets as better relative value was obtained there. The main contributors in the funds in May were due to RMBS, CLOs and CMBS.

Royal London Global Senior ABS Fund

As the conflict in the Middle East continued in May, so did the volatility and interest rate uncertainty. However, May delivered a healthy volume of new issuance, well distributed across auto ABS, consumer ABS and UK RMBS. All trades were consistently met with strong investor appetite with, in some cases, eye watering over subscription levels, seeing shelf record prints being achieved.

As the fragile ceasefire in Iran had held and the Strait of Hormuz remained effectively closed, markets increasingly looked through the geopolitical turmoil toward a renewed growth trajectory. This constructive outlook broadly prevailed throughout the month, with equities, general credit and European ABS/RMBS markets continuing to strengthen.

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Fixed Income

Royal London Index Linked Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Real yields fell in global markets supported by a move towards a resolution in the Middle East and sharply lower oil prices. The reduction in energy prices resulted in lower breakeven rates, favouring longer-dated bonds.

The fund outperformed in the month, with a long duration position and a general bias towards the longer end of the curve contributing positively as curves flattened. Elsewhere in the fund, US TIPS underperformed during the month, leading us to increase exposure to the US. We opened a tactical position in nominal bonds, reflecting the view that breakeven rates were excessively high given the decline in oil prices. By the end of May, nominal positions were sold in response to the significant fall in breakevens.

We expect to continue running a strategic long duration position, based on the belief that real rates remain attractive globally, but did reduce the position in May - by selling UK and Australian bonds. Any rise in breakeven rates will prompt a move to buy nominal bonds, as our longer-term view is that breakeven rates are too high.

Royal London Investment Grade Short Dated Credit Fund

Global government bonds generated positive returns despite a volatile geopolitical backdrop. Gilts proved to be stronger than the global average and yields rose sharply into mid-May before easing towards month-end. Long-dated yields remained elevated relative to levels seen prior to the Iran conflict. Sterling investment grade credit spreads tightened more than the global average, narrowing during May to match spread levels seen at the beginning of 2026.

The fund saw positive returns for May and outperformed its benchmark. Overall, both credit allocation and stock selection supported returns over the month. Our exposure to the insurance was beneficial as the sector outperformed the index.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Royal London Short Duration Credit Fund

Global government bonds generated positive returns despite a volatile geopolitical backdrop. Gilts proved to be stronger than the global average and yields rose sharply into mid-May before easing towards month-end. Long-dated yields remained elevated relative to levels seen prior to the Iran conflict. Sterling investment grade credit spreads tightened more than the global average, narrowing during May to match spread levels seen at the beginning of 2026.

The fund saw positive returns for May and outperformed its benchmark. Overall, both credit allocation and stock selection supported returns over the month. Our exposure to the insurance was beneficial as the sector outperformed the index, while stock picks in general industrials boosted performance.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Fixed Income

Royal London Short Duration Gilts Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Gilts outperformed global peers as yields moved lower on the month on the re-pricing of Bank of England base rate expectations.

Part of the recent outperformance of gilts can be attributed to a recovery following particularly weak performance in prior months. Furthermore, remarks from Governor Bailey after a series of disappointing economic indicators suggested that the BoE was not inclined to raise interest rates imminently, leading to a decline in yields. In addition, Andrew Burnham, considered a strong contender to succeed Keir Starmer, pledged to adhere to existing fiscal rules should he become Prime Minister, which contributed to increased confidence in the gilt market.

The fund's outperformance came from its strategic long duration position. The fund reduced its duration position slightly, as yields fell, and were happy to trade the market volatility. The fund ended the month about a year long and did not hold any inflation or cross-market positions.

Royal London Short Duration Global High Yield Bond Fund

Global high yield markets ended the month on the back of a strong rally with the market expecting the war in the Middle East to end soon. As a result, high yield spreads tightened while government bond yields widened. This led to the market to produce a positive return.

After the strong primary market in April, US high yield issuance decreased month on month by about \$12bn to \$26.6bn while global high yield issuance was down slightly by about \$1.4bn to \$56bn. Breaking it down further, the issuance was skewed to higher quality BB names with the proceeds used mainly for refinancing.

The fund's continued strong returns this year helps illustrate how well it has held up without having the same drawdown and volatility as the wider high yield market. All sectors produced positive returns during May with real estate assets outperforming on a relative basis.

Royal London Short Duration Global Index Linked Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Real yields fell in global markets supported by a move towards a resolution in the Middle East and sharply lower oil prices. The reduction in energy prices resulted in lower breakeven rates, favouring longer-dated bonds.

The fund outperformed in the month, with a long duration position and a general bias towards the longer end of the curve contributing positively as curves flattened. Elsewhere in the fund, US TIPS underperformed during the month, leading us to increase exposure to the US. We opened a tactical position in nominal bonds, reflecting the view that breakeven rates were excessively high given the decline in oil prices. By the end of May, nominal positions were sold in response to the significant fall in breakevens.

We expect to continue running a strategic long duration position, based on the belief that real rates remain attractive globally, but did reduce the position in May - by selling UK and Australian bonds. Any rise in breakeven rates will prompt a move to buy nominal bonds, as our longer-term view is that breakeven rates are too high.

Fixed Income

Royal London Short Term Fixed Income Enhanced Fund

There was no Bank of England (BoE) meeting in May, leaving the Base Rate at 3.75%. However, expectations for rate hikes were tempered with comments from Governor Bailey that the Bank was in no rush to raise rates given current uncertainty, as well as a lower-than-expected inflation print.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through May. Two-year gilts, often seen as a proxy for market expectations of BoE rates, edged lower as market rate expectations changed over the month – falling from 4.41% to 4.25%.

Activity was relatively light in May, reflecting the move lower in longer money market rates. We did identify pockets of value in one-year paper, adding Goldman Sachs, Standard Chartered and NatWest. Within short-dated credit, we added a new issue of senior five-year bonds from DNB Bank, also adding five-year Barclays bonds in the secondary market, and continuing to trade short-dated gilts as markets remained volatile.

Royal London Short Term Fixed Income Fund

There was no Bank of England (BoE) meeting in May, leaving the Base Rate at 3.75%. However, expectations for rate hikes were tempered with comments from Governor Bailey that the Bank was in no rush to raise rates given current uncertainty, as well as a lower-than-expected inflation print.

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Activity was relatively light in May, reflecting the move lower in longer money market rates. We did identify pockets of value in one-year paper, adding Goldman Sachs, Standard Chartered and NatWest. Within covered bonds, we bought Lloyds Bank in the secondary market – these short-dated, AAA rated floating rate bonds offering an attractive spread over SONIA.

Royal London Short-Term Money Market Fund

There was no Bank of England (BoE) meeting in May, leaving the Base Rate at 3.75%. However, expectations for rate hikes were tempered with comments from Governor Bailey that the Bank was in no rush to raise rates given current uncertainty, as well as a lower-than-expected inflation print.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through May. Two-year gilts, often seen as a proxy for market expectations of BoE rates, edged lower as market rate expectations changed over the month – falling from 4.41% to 4.25%.

With longer money market rates moving lower in May, activity remained focused on three-month and four-month paper, including preferred names such as KBC and Citibank, while occasionally adding one-year paper where this offered value against our models, including ING and HSBC. We were active in short-dated covered bonds in the secondary market, switching slightly longer in Bank of Nova Scotia and RBC for a small spread pick-up, also adding including DBS and Santander.

Fixed Income

Royal London Sterling Liquidity Money Market Fund

There was no Bank of England (BoE) meeting in May, leaving the Base Rate at 3.75%. However, expectations for rate hikes were tempered with comments from Governor Bailey that the Bank was in no rush to raise rates given current uncertainty, as well as a lower-than-expected inflation print.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through May. Two-year gilts, often seen as a proxy for market expectations of BoE rates, edged lower as market rate expectations changed over the month – falling from 4.41% to 4.25%.

With longer money market rates moving lower in May, activity remained focused on three-month paper, including preferred names such as KBC and Santander, while occasionally adding six-month paper where this offered value again our models, including ING and Standard Chartered. We also added six-month treasury bills at over 4%, while also picking up short-dated covered bonds in the secondary market, including ANZ, Lloyds and RBC.

Royal London Sterling Credit Fund

Global government bonds generated positive returns despite a volatile geopolitical backdrop. Gilts proved to be significantly stronger than the global average and yields rose sharply into mid-May before easing towards month-end. Long-dated yields remained elevated relative to levels seen prior to the Iran conflict. Sterling investment grade credit spreads tightened more than the global average, narrowing during May to match spread levels seen at the beginning of 2026.

The fund saw positive returns for May and outperformed its benchmark. Overall, credit allocation supported returns over the month while stock selection detracted from performance. Our exposure to the insurance was beneficial as the sector outperformed the index.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Royal London Sterling Extra Yield Bond Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Global government bond yields were generally flat or slightly higher over the month as fears of energy-driven inflation have not dissipated, with moves again less volatile than seen at the outbreak of hostilities in March. However, there were positive returns across credit markets, with high yield bonds and sterling investment grade markets outperforming, the latter enjoying a boost from strong performance in the gilt market.

The fund's positive returns were driven by exposure to investment grade, high yield and unrated bonds, with the unrated portion of the fund outperforming relatively. By sector, our general industrial holdings were the strongest contributors to the fund's returns, with our insurance and structured bonds also helping.

The fund was active in the primary market in May, buying into subordinated debt from Vanquis Bank and from NatWest, both at attractive yield levels. Elsewhere, the fund added short-dated USD debt from Norwegian oil firm Bluenord and oil storage company Bluewater Energy Services.

Fixed Income

Royal London UK Government Bond Fund

Ongoing Middle East events were again the focus in May, with central banks and markets seeming to pause while looking for signs of resolution. Gilts outperformed global peers as yields moved lower on the month on the re-pricing of Bank of England base rate expectations.

Part of the recent outperformance of gilts can be attributed to a recovery following particularly weak performance in prior months. Furthermore, remarks from Governor Bailey after a series of disappointing economic indicators suggested that the BoE was not inclined to raise interest rates imminently, leading to a decline in yields. In addition, Andrew Burnham, considered a strong contender to succeed Keir Starmer, pledged to adhere to existing fiscal rules should he become Prime Minister, which contributed to increased confidence in the gilt market.

The fund's outperformance came from its strategic long duration position. During May, the fund reached a high of almost a year-and-a-half long, before taking profit on 30-year gilts, ending the month slightly shorter than where it began May. In overseas, the fund sold 30-year TIPS into nominal US treasury bonds on the belief US breakevens hit their peak.

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:

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.