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RL Absolute Return Government Bond Fund

July 2026

ROYAL LONDON ASSET MANAGEMENT

Fund overview

- A diversified fund seeking to deliver absolute positive returns of SONIA + 1.5%–2.5% annualised over rolling 3 year periods.
- Invests materially in assets of SONIA plus return with a derivative overlay. Examples of some derivatives we use in this fund may include FX forwards, futures or interest rate swaps.*
- Aims to generate returns by exploiting valuation differences within and across predominantly G10 government bond markets through both long and short positions.
- Positions are implemented in the most efficient manner, either via government bonds or through a range of derivatives associated with government bond markets.
- Risk management considered throughout the investment process with a large number of diverse positions held to minimise downside risks (one month 99% VaR normally limited to 5%, with a hard limit at 7%).

* 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.

Investment Philosophy

We believe that the interplay between price-insensitive investment, focused on supply and index events results, and leveraged investment around large-scale macroeconomic data and events (e.g. interest rates, inflation, GDP growth), creates value opportunities that can be categorised as either strategic (long-term, value driven themes versus consensus) or tactical (mean-reverting and time-critical deviations versus those themes).

Investment Approach

The fund is managed through the application of a robust and repeatable investment process designed to generate incremental alpha from a range of consistently identified strategic and tactical opportunities. Mean reversion techniques are combined with optimal trading size and quick decision making to allow risk-aware and decisive entry into and exit from positions. All selected opportunities are identified through research and idea generation across the team. By taking this approach we construct a portfolio that we believe will deliver consistent alpha from multiple sources across all stages of the economic and market cycle.

Our six core investment strategies

Duration
The ability to go long and short markets

Inflation
The ability to go long and short global inflation markets

Relative value (RV)
Exploiting single security mis-pricing in a risk-adjusted manner

Liquidity & short credit
Adopting the best ideas from Short Term fixed income strategies to generate a SONIA plus return

Cross Market
Capitalise on spread differentials between global sovereign markets

Yield Curve
Duration neutral trades along the yield curve to reflect strategic and tactical views

Fund facts

Launch date	17.11.2014
Domicile	Dublin
Fund structure	UCITS
Benchmark	Overnight Cash Rate (SONIA (Sterling Overnight Index))
Morningstar Sector	Target Absolute Return Fund
Performance	SONIA + 1.5%–2.5% annualised over a rolling 3 year basis
Targeted volatility	The fund has a volatility expectation of less than half of a diversified portfolio of global government bonds
Duration	+/- 3 years
Minimum investment	USD M : 100,000 USD Z: 3,000,000
Fund Management Fee (FMF)	Z Acc: 0.35% M Acc: 0.40%

Fund manager



Paul Rayner,
Head of Alpha Strategies



Gareth Hill,
Senior Fund Manager



Ben Nicholl,
Senior Fund Manager

Fund risks

Investment risk: The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

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.

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.

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.

Exchange rate risk: Changes in currency exchange rates may affect the value of your investment.

Efficient Portfolio Management (EPM) techniques: The fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the fund to increased price volatility.

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.

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.

Contact us

For more information about our range of products and services, please contact us. Royal London Asset Management has partnered with FundRock Distribution S.A, who will distribute our products and services in the EEA. This follows the United Kingdom's withdrawal from the European Union and ending of the subsequent transition period, as UK Financial Services firms, including Royal London Asset Management, can no longer passport their business into the EEA.

For more information about our range of products and services, please contact us.

Royal London Asset Management
80 Fenchurch Street,
London EC3M 4BY

For advisers and wealth managers
bdsupport@rlam.com
+44 (0)20 3272 5950

For institutional client queries
institutional@rlam.com
+44 (0)20 7506 6500

For any queries or questions coming from EEA potential investors, please contact:

Arnaud Gerard
FundRock Distribution S.A.
Airport Center Luxembourg, Level 2, 5 Heienhaff
L-1736 Senningerberg, Luxembourg.
+352 691 992088
arnaud.gerard@fundrock.com

For further information, please visit **www.rlam.com**

We are happy to provide this document in braille, large print and audio.

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