

# Royal London Short Duration Global High Yield Bond Fund

December 2025



## Fund Overview

The Royal London Short Duration Global High Yield Bond Fund invests in shares of the Irish domiciled Royal London Short Duration Global High Yield Bond (the “Master Fund”). The Master Fund is a defensive, liquidity focused high yield bond fund which invests primarily in short dated high yield bonds on a global basis, and may invest in short maturity investment grade securities.

After 30 years of falling yields, we have entered a period of market uncertainty caused by higher inflation and interest rates.

As a result, investors are looking to manage risk and find the right balance between the two key of return – capital and income.

Whilst seeking stability and to mitigate the effects of short-term volatility on long-term returns, investors are increasingly looking beyond traditional focus areas such as investment grade credit to generate consistent returns.

In a volatile environment with risks on the rise, finding a solution with the potential to withstand a broad range of economic and market scenarios will become critical.

The Royal London Short Duration Global High Yield Bond Fund aims to offer investors an approach that may help address this challenge.

By selecting high-quality seasoned assets, which are defensively positioned at the front end of the yield curve, we believe that investors can enhance returns in a risk-controlled way.

## Investment philosophy

The high yield market is global in nature, with the larger, more liquid US, diverse European and rapidly growing emerging markets all offering different features. We believe that a genuinely global approach offers both greater diversification potential and more opportunities to find attractive bonds. We look at all areas of the high yield market in seeking multiple potential drivers of return.

We target reduced default risk and volatility in the fund via our focus on the reporting transparency of the companies we invest into, and with our bias towards larger more liquid issue sizes. We avoid business models which we believe are unforecastable.

## Fund Facts

Domicile	Australia
Responsible Entity	Equity Trustees Limited
Investment Manager	Royal London Asset Management
Inception Date	02 December 2025
Base Currency	AUD
Benchmark	AONIA
Fund Managers	Stephen Tapley and Gary Ewen
Shareclasses available	I class – Inc – Unhedged, A\$
Minimum investment	I class – A\$25,000
Fees	I class – 46 bps
ISIN	I class – AU60ETL43709
APR	I class – ETL4370AU

### An investment approach for all market conditions



**Global yet integrated approach**  
One team, no regional silos



**Know what you know, know what you don't**  
Focus on quantifiable risk, not unpredictable uncertainty



**ESG Consideration**  
Beyond the credit analysis, engagement over avoidance



**Nimble & experienced**  
Established co-located team allows for efficient decision making



**No over-diversification**  
Discerning stock selection with strong individual positions

Source: Royal London Asset Management for illustrative purposes only.

## Fund overview

Royal London Asset Management has developed the Short Duration Global High Yield proposition to meet client demand for a truly global credit product that aims to deliver an attractive level of income with limited volatility, in an increasingly uncertain environment.

We believe that our fund is well-suited to the needs of a range of investors in terms of diversification, risk/return and liquidity profile.

## Fund positioning

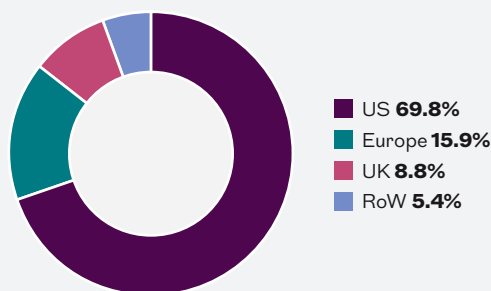
The Master Fund invests primarily in short-dated global high yield bonds, exclusively on a hard currency basis.

This is a combination of bonds with both near term final maturity dates and with optional redemption features. The strategy has been operated for decades to exploit a persistent market inefficiency.

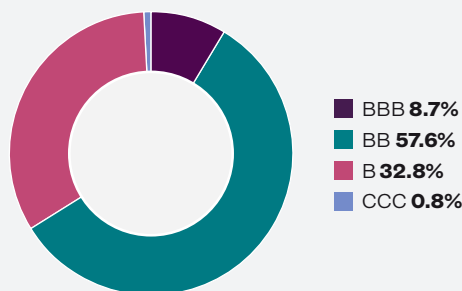
Credit rating agencies assign the same rating on a company's bonds, regardless of their tenor. Given the influence that credit rating agencies continue to have over the market, spreads on offer do not differ materially between short and long duration bonds. However, when defaults do occur in global high yield markets, these are more likely to occur at the start of the life of a bond. This fund focuses on more seasoned bonds, which are closer to their redemption.

As such, we believe that the fund can achieve a disproportionately large level of spread for the default risk it is exposed to. With detailed credit analysis, we believe that the default experience can be significantly reduced. Given the shorter duration nature of the fund, two key characteristics are observable.

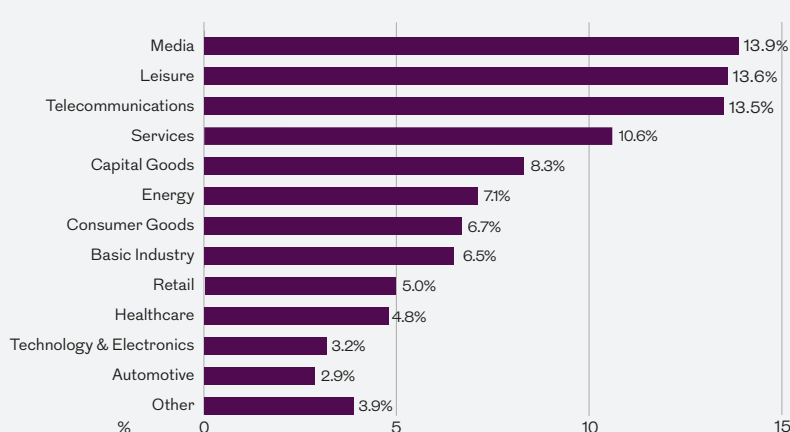
### Geographic positioning



### Credit rating positioning



### Sector positioning



Source: Royal London Asset Management as at 31 May 2025. Portfolio positioning reflects the Master Fund. Excludes the impact of cash and cash equivalent instruments held with the portfolio. Subject to rounding.

First, the underlying volatility of the Master Fund is materially lower (broadly half that of the wider market).

Second, the Master Fund experiences a steady inflow of liquidity, as the companies redeem their near-term maturities as a natural course of business.

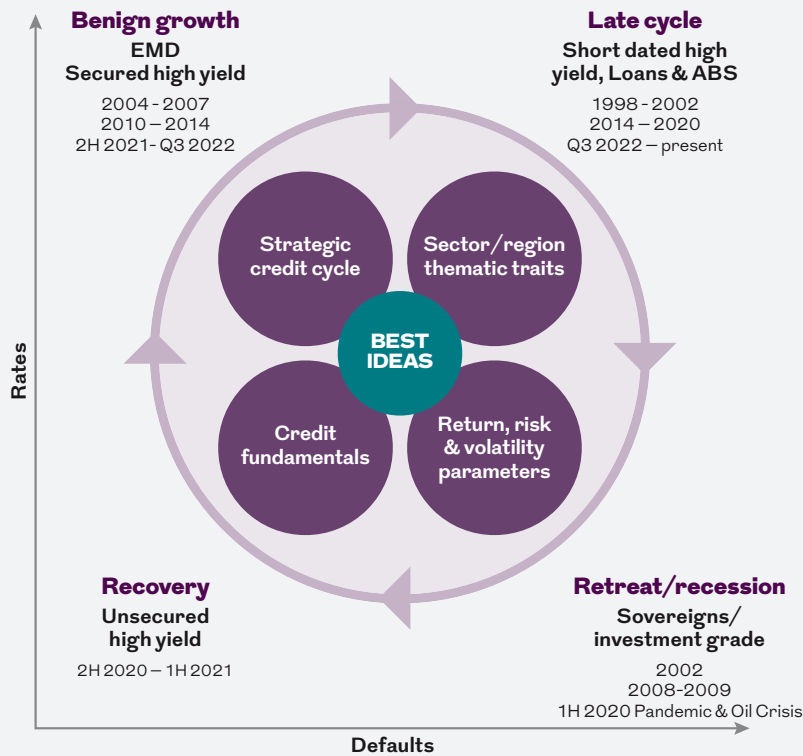
Foreign exchange risk is mitigated by a daily monitoring of the hedging position, to ensure that returns are derived from the underlying bonds and not currency effects.

### Investment process

The investment process combines our top-down and bottom-up approach to construct a portfolio of best ideas. The investment process can be summarised into three key steps, with ESG&C (Environmental, Social, Governance and Climate) analyses fully integrated:

- 1 Macro view
- 2 Risk overview
- 3 Stock selection

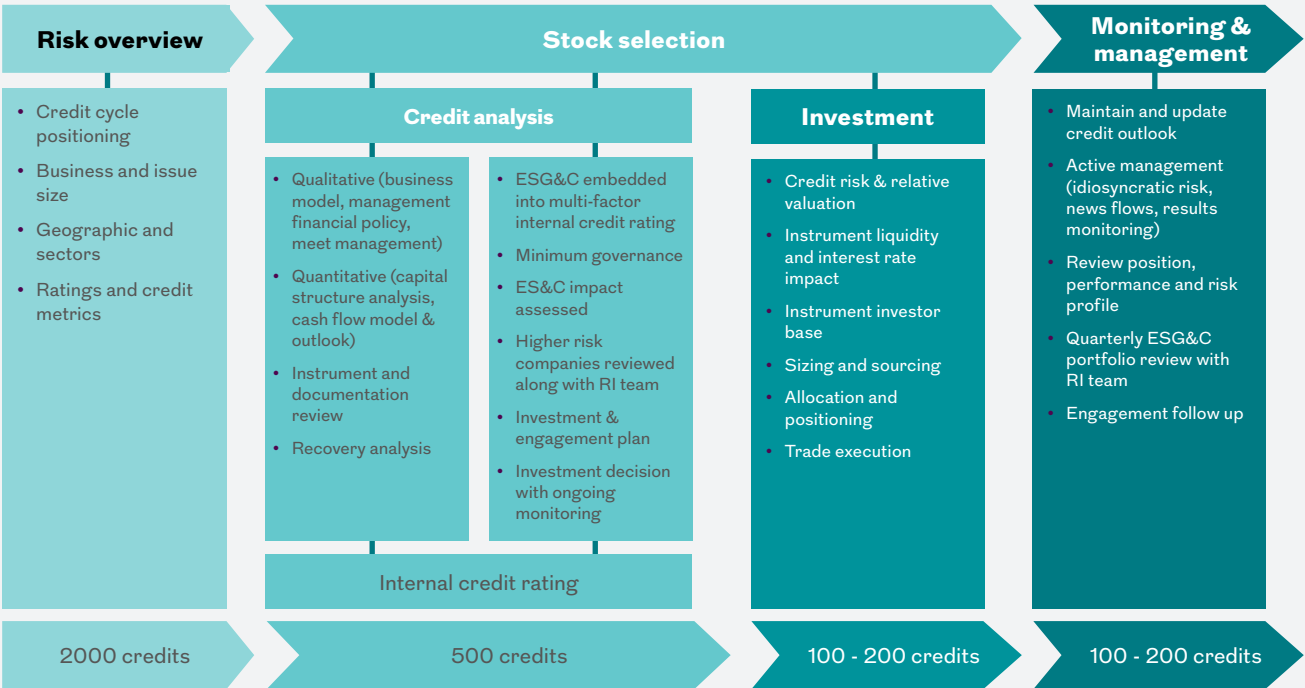
### The Credit Cycle: A framework that encourages active decision making.



Navigating the cycle seeks to improve returns and dampen volatility

Source: Royal London Asset Management. As at July 2024.  
For illustrative purposes only.

### Investment process



Source: Royal London Asset Management, for illustrative purposes only.

At the macro level, our analysis starts with a quarterly economic review which covers all major economic regions and focusses upon key variables such as growth rates and inflation. This meeting is also used to formulate our outlook scenarios, including long-term default, yield and interest rate forecasts which help to shape our investment strategy.

We then combine this with the team's analysis of the credit cycle. We believe that various parts of the credit universe have differing characteristics and will vary in performance under different conditions (as illustrated in the The Credit Cycle chart at the top of the previous page). This analysis enables us to develop our strategic view of the market.

Our risk view builds upon our macroeconomic outlook. Being conscious of risk management, within investment construction we look to diversify the Master Fund's holdings by sector, credit quality and regions. We will also tilt holdings toward the areas where we believe the opportunities for the greatest risk/return attributes can be found.

We overlay certain thematic strategies, for example, by removing companies where we believe that business models cannot be forecast or by avoiding certain unfavourable creditor jurisdictions. We also exclude bonds which do not match our volatility, yield and liquidity characteristics.

The last and most important filter is bottom-up fundamental credit analysis – this is where we believe we add real value through analysing individual companies using a combination of qualitative and quantitative techniques to identify candidates which can potentially service as strong versatile investments. This universe of potential investment candidates are then further assessed on technicals including market liquidity, volatility and yield and in combination with our top-down views enable us to arrive at a selection of credits we believe fit best within the fund to achieve our fund goals and objectives.

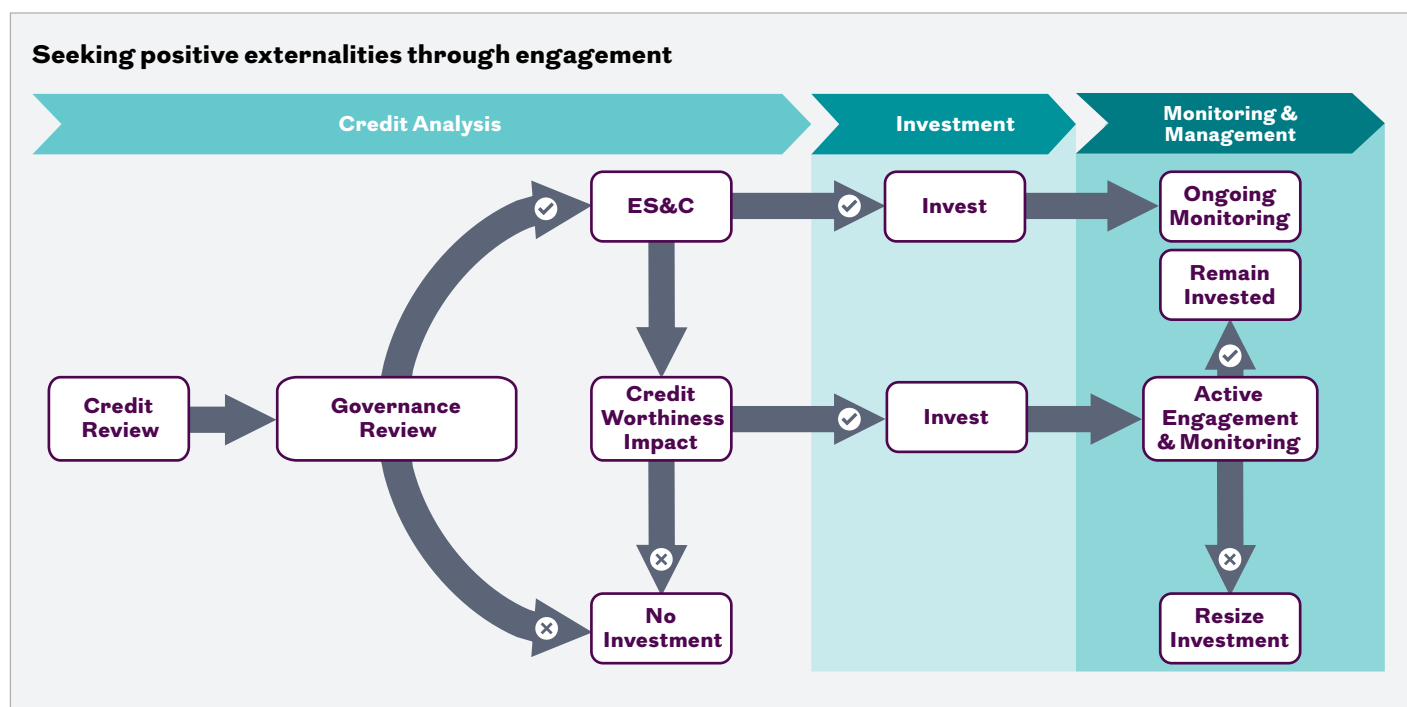
While the Master Fund has no official ESG objective, ESG&C issues are a key component of our risk analysis and investment process as the financial and broader economic impact of

ESG&C factors over the long term can be crucial. The Master Fund's investment process fully integrates analysis of both credit quality and ESG&C characteristics with the aim of reducing credit losses and seeking positive externalities through active engagement (ie, indirect ESG related benefits which may potentially arise if companies improve their ESGC profiles following engagement).

As active, long-term investors ESG&C integration is critical to generating the best possible outcome for all stakeholders while encouraging corporate issuers to improve disclosure and transparency.

The Global Credit team leverages a proprietary framework comprised of exclusion and rating scores across several factors to assess materiality. This directly affects the credit rating of the asset in question and subsequent level of engagement with the potential investment.

The Global Credit team also works closely with our Responsible Investment team on assessments. The chart below illustrates the fully integrated nature of the Short Duration Global High Yield investment process.



Source: Royal London Asset Management, for illustrative purposes only.

## Experience and expertise

Royal London Asset Management has a highly skilled, experienced Global Credit team that has formed an enviable reputation. The team has expanded as we've developed new products and our assets under management have grown over time. We have steered our portfolios through changing

economic conditions and business cycles. We believe that the most effective way of implementing our investment philosophy is by experienced managers undertaking the right type of analysis, operating with the right team structure that supports a collegiate approach.

## Biography



**Stephen Tapley**  
Senior Fund Manager

Stephen has 18 years' experience of investing in global credit. Stephen started his career at Gulf International Bank as a High Yield analyst before moving onto Scottish Widows Investment Partnership.

He joined Royal London Asset Management in 2012, where he helped to launch the Global High Yield and Short Duration strategies in 2013. He has helped to manage these strategies since inception.

Stephen is a CFA Charterholder and holds an MSc in Financial and Industrial Mathematics from Dublin City University.



**Gary Ewen**  
Fund Manager

Gary is Deputy Manager of the Short Duration Global High Yield fund and joined Royal London Asset Management in August 2016, where he performed analysis on high yield corporate bonds and leveraged loans.

In 2023 he became an Assistant Portfolio Manager across all Leveraged Finance strategies in addition to his credit analysis responsibilities before becoming a Fund Manager in 2025.

He previously worked for Mercer Investment Consulting, in their fiduciary management division.

He holds a BBA with first class honours in Finance from St. Francis Xavier University, a MSc. Finance Degree from the University of Warwick and is a CFA Charterholder.

## Fund Risks

**Investment Risk:** Past performance is not a guide to future performance. 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:** 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.

**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.

**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.

**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.

**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.

## Contact us

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

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

**For Australia – wholesale and institutional investors**  
kevin.haran@rlam.com  
+61 (0)413 138 055

For further information, please visit [www.rlam.com](http://www.rlam.com)

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

---

## Important information

For wholesale investors only, not suitable for retail investors.

This marketing communication is a financial promotion and is not investment advice. The views expressed are those of Royal London Asset Management at the date of publication unless otherwise indicated, which are subject to change, and is not investment advice.

Telephone calls may be recorded. For further information please see the Privacy policy at [www.rlam.com](http://www.rlam.com)

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Royal London Short Duration Global High Yield Bond Fund (“the Fund”). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This document has been prepared by Royal London Asset Management to provide you with general information only. In preparing this document, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Royal London Asset Management, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

The Royal London Short Duration Global High Yield Bond Fund’s Target Market Determination is available at <https://www.eqt.com.au/Investor-Centre>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

Issued in December 2025 within Australia by Royal London Asset Management Limited, 80 Fenchurch Street, London, EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

Ref: PDF RLAM PD 0289