

Royal London Emerging Markets Corporates

Why emerging markets?

- **Diversification** – Emerging markets are a deep, growing asset class that provide an investment opportunity to diversify. The emerging markets hard currency corporate debt universe has grown to approximately \$2.5 trillion, creating a deep and varied opportunity set for investors.
- **Attractive valuations** – Emerging market corporates typically offer an attractive yield over developed market corporates.
- **Growing economies** – Emerging markets are expected to grow faster than developed market economies. Emerging markets now represent a larger share of the global gross domestic product (GDP), providing a strong backdrop for the companies that operate in them.
- **Resilient credit fundamentals** – On average, emerging market corporates have resilient fundamentals with robust credit metrics and have built up cash liquidity buffers over the last few years.

Investment philosophy

We believe that emerging markets can be inefficient.

Emerging market corporates are still relatively under researched, with a lack of focus on capital structures, covenants and cashflows relative to maturity profiles of issuers. Liquidity and volatility can also be mispriced. Additionally, many emerging market corporate debt opportunities are neglected because of a disproportionate emphasis on sovereign ratings.

Our top-down analysis looks at specific regional and macro trends as emerging markets are varied and diverse, the companies within them even more so.

We believe a top-down strategic perspective, combined with fundamental analysis allows us to exploit inefficiencies and create a portfolio of assets across regions strengthening the credit quality of the fund and reducing volatility and correlation.

“ ”

Emerging market corporates offer a deep and varied opportunity set, with attractive valuations in companies with robust credit fundamentals, offering investors a compelling opportunity to diversify in credit.

Dilawer Farazi,
Senior Fund Manager

Five core principles

Providing an edge to assessing and implementing ideas



Investment approach

The investment process combines our top-down and bottom-up approach to construct a portfolio of best ideas with ESG&C (Environmental, Social, Governance and Climate) analysis fully integrated:



Risk overview – Risk management is at the heart of the investment process. This involves evaluating key factors that frame the team’s view of the risk environment. This includes macro analysis, a review of the credit cycle and an evaluation across sectors, credit quality and regions. This formulates our outlook scenarios, including sovereign views, long-term default, yield and interest rate forecasts, which help to shape the investment strategy.



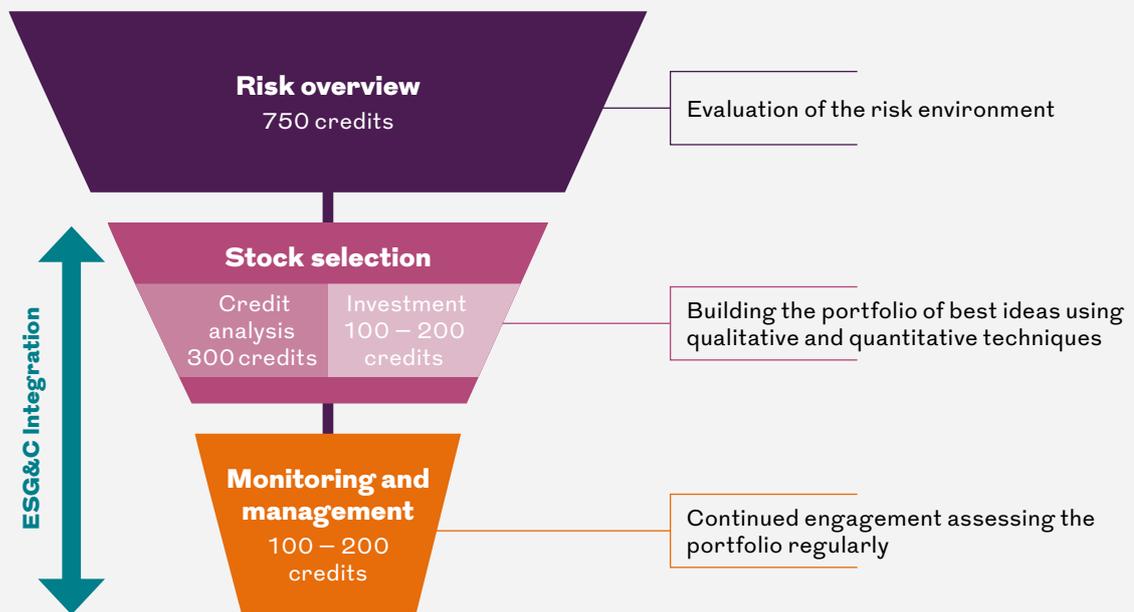
Stock selection – We have a bottom-up fundamental credit analysis approach, utilising a team of 11 sector analysts, where we add real value through analysing individual companies. We use a combination of qualitative and quantitative techniques identifying opportunities with undervalued credit profiles, building a portfolio of best ideas.



ESG&C integration – ESG&C issues are a critical component of the funds as the financial and broader economic impact of ESG&C factors over the long term can be crucial. The investment process fully integrates analysis of both credit quality and ESG&C characteristics with the aim of seeking positive externalities through active engagement. The team leverages a proprietary framework comprising of certain exclusions and scoring different factors under each of the ESG&C segments to assess materiality, these scores affect the team’s internal rating of the security and subsequent level of engagement with the potential investment. The team also works closely with our Responsible Investment team on assessments.

The emerging market funds consider carbon output and strive to have a lower carbon intensity relative to the benchmark index and most competitor funds.

Filtering our investment universe through a robust investment process with integrated ESG&C analysis



Experience and expertise

The Royal London Asset Management's Global Credit team comprises 12 highly skilled and experienced members that have been steering portfolios through changing economic conditions and business cycles over the last ten years.

The team consists of portfolio managers who have been investing in emerging markets at Royal London Asset Management through Global Credit funds over this time, and sector analysts who cover respective sectors globally.

The team believe the most effective way of implementing its investment philosophy has been to leverage the skill set of this multi-talented group in a one team, collegiate approach to investing.



Dilawer Farazi
Senior Fund Manager

Dilawer joined Royal London Asset Management in August 2020 in the Global Credit team focusing on Emerging Market corporates. Dilawer has 18 years' experience as a portfolio manager and analyst, he joined from Loomis Sayles where he was an emerging markets specialist.



Azhar Hussain
Head of Global Credit

Azhar joined Royal London Asset Management in 2012. Azhar has 22 years, direct experience of investing in an array of strategies across the Global Fixed Income and Leverage Finance arenas. He joined Royal London Asset Management initially as Head of Global High Yield where he has successfully launched strategies across the Global Credit spectrum.

Royal London Emerging Markets Corporate Bond Fund

Fund objective: The investment objective of the Fund is to provide a combination of investment growth and income, primarily by investing in emerging market corporate bonds. The Fund will seek to achieve its objective on an active basis. The Fund's performance target is to outperform the J.P. Morgan CEMBI Broad Diversified Index (the "Benchmark").

Fund facts

Launch Date	18 April 2023
Domicile	Ireland
Fund structure	UCIT
Benchmark	JPM CEMBI Broad Diversified Index
Base Currency	USD
IA Sector	Global Emerging Markets Bond – Hard Currency
SFDR category	Article 8
Fund management fee (FMF)	Z USD Acc 0.60%

Royal London Short Duration Emerging Markets Corporate Bond Fund

Fund objective: The investment objective of the Fund is to provide income, primarily by investing in emerging market corporate bonds. The Fund will seek to achieve its objective on an active basis. The Fund's performance target is to outperform the Federal Funds Rate (the "Benchmark").

Fund facts

Launch Date	18 April 2023
Domicile	Ireland
Fund structure	UCIT
Benchmark	Federal Funds Rate
Base Currency	USD
IA Sector	Global Emerging Markets Bond – Hard Currency
SFDR category	Article 8
Fund management fee (FMF)	Z USD Acc 0.44%

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.

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 advisers and wealth managers

020 3272 5950
bdsupport@rlam.com

For institutional client queries

020 7506 6500
institutional@rlam.com

www.rlam.com

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

For Professional Clients only, not suitable for Retail Clients.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested. The views expressed are those of the author at the date of publication unless otherwise indicated, which are subject to change, and is not investment advice. This is a financial promotion and is not investment advice.

Telephone calls may be recorded. For further information please see the Legals notice at www.rlam.com.

The Fund is a sub-fund of Royal London Asset Management Bond 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 section 264 of the Financial Services and Markets Act 2000. The

Investment Manager is Royal London Asset Management Limited.

For more information on the trust 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. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

Issued in June 2023 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: SA RLAM PD 0148