

# RL International Government Bond Fund



**Government bond markets are seen as one of the more efficient markets within the fixed income universe. We believe that factors such as supply, index events and macro data present opportunities for more nimble active managers.**

Our approach is very much an active one, and we look to balance long-term strategic positions with short-term tactical opportunities. Our fund managers are focused on identifying opportunities across a range of different investment strategies, rather than relying on one significant strategy. The Fund Managers seek out valuation anomalies, undertaking active yield curve management alongside cross market, inflation and duration positioning with the aim of adding value.

At Royal London Asset Management, we believe active management undertaken by experienced investment specialists will become of ever-increasing importance within fixed income against the backdrop of these complexities.

The fund is benchmarked against the JP Morgan Global Government Bond Ex-UK (GBP hedged) index (the “benchmark”).

The fund aims to outperform this index in a risk-controlled manner, meaning it does not want to take any unduly large active bets. We initially structure the fund with a base portfolio that creates a similar overall yield curve exposure to the index. This serves to minimise any unintended relative performance deviation to the benchmark and provides us with a platform to apply our active positions across key strategies.

The largest (absolute) holdings are in US treasuries and Japanese government bonds, given that these are the largest country components of the benchmark. Within each bucket we are looking to hold the bond (or bonds) which represent the best value versus their neighbouring bonds.

The fund is actively managed with portfolio positioning evolving to take into account market conditions, incoming economic data and the views of the fund management team.

Regionally, the fund looks to invest in the US, Japan, Peripheral Europe, Core Europe, Semi-Core Europe, Canada and Australia.

## Key facts

<b>Fund Launch</b>	04.11.2011
<b>Benchmark</b>	JP Morgan Government Bond Index Global Ex UK (Traded) Total Return (GBP Hedged)
<b>IA Sector</b>	Global Government Bond
<b>ISIN</b>	M Inc GB00B45XHL18
<b>Fund base currency</b>	GBP
<b>Minimum investment</b>	M Inc GBP £100,000
<b>Fund management fee (FMF)</b>	M Inc GBP 0.300% X Inc GBP 0.200%

## Our investment philosophy

Drivers	Opportunities
<b>Passive</b> <ul style="list-style-type: none"><li>Index events</li><li>Supply and demand</li><li>Seasonal factors</li></ul>	<b>Strategic (themes vs consensus)</b> <ul style="list-style-type: none"><li>Value-driven</li><li>Long-term</li></ul>
<b>Leveraged</b> <ul style="list-style-type: none"><li>Macroeconomic data</li><li>Supply and demand</li><li>Technical factors</li></ul>	<b>Tactical (deviation vs themes)</b> <ul style="list-style-type: none"><li>Mean reverting</li><li>Time-critical</li></ul>

This is for illustrative purposes only.

## Fund Objective

The fund's investment objective is to achieve a total return over the medium term (3-5 years) by investing at least 80% in government bonds globally. The fund's performance target is to outperform, after the deduction of charges, the JP Morgan Global Bond Index ex UK (Traded) Total Return (GBP hedged) Index (the “Index”) over rolling 5-year periods. The Index is regarded as a good measure of the performance of government bonds across the developed markets.

## Fund managers



**Gareth Hill**  
Senior Fund Manager



**Paul Rayner**  
Head of Alpha  
Strategy Rates



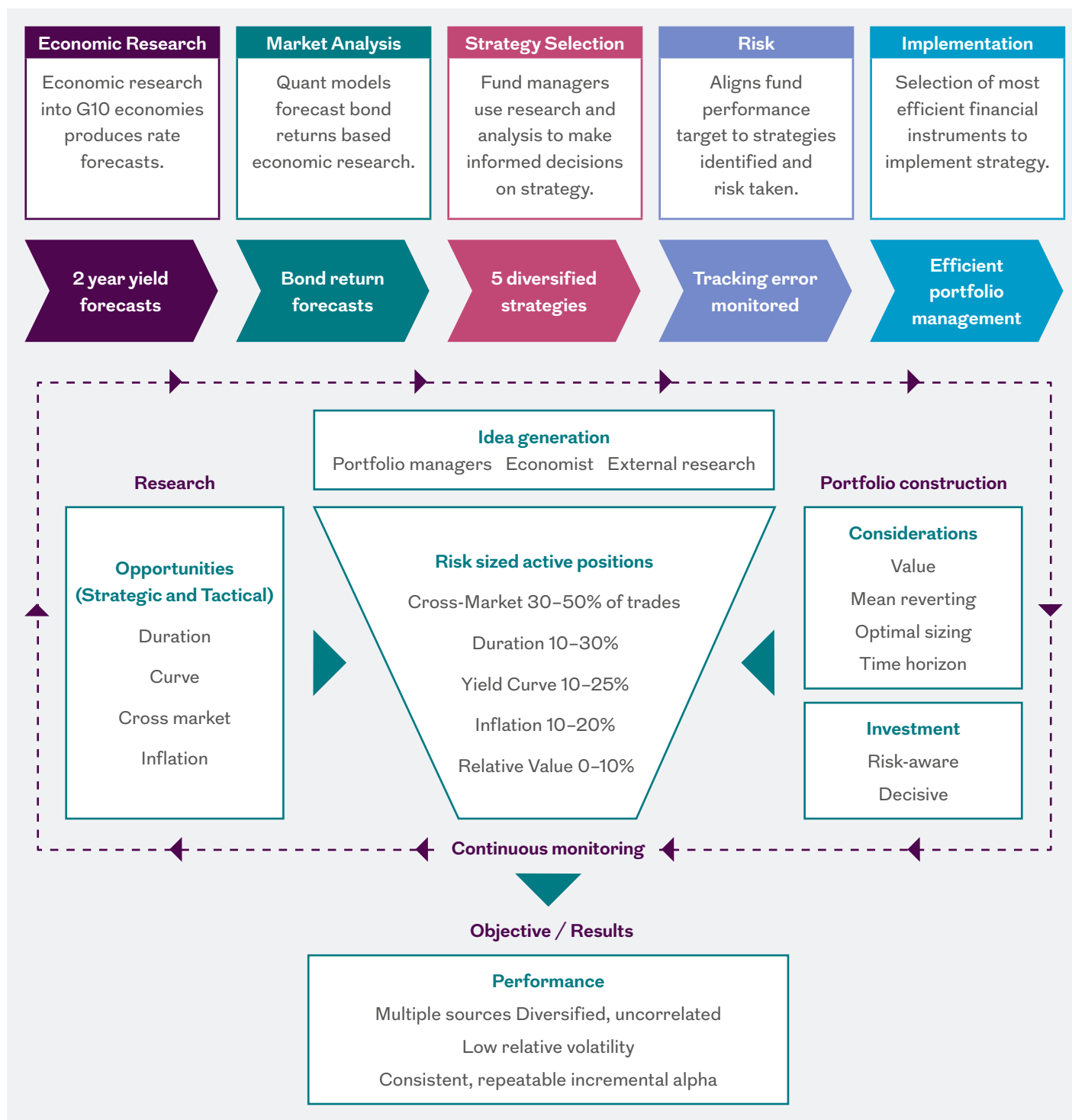
**We believe that a combination of the long-term strategic view, supplemented with a tactical overlay, will deliver long-term performance with reduced volatility.**

**Gareth Hill,**  
Senior Fund Manager

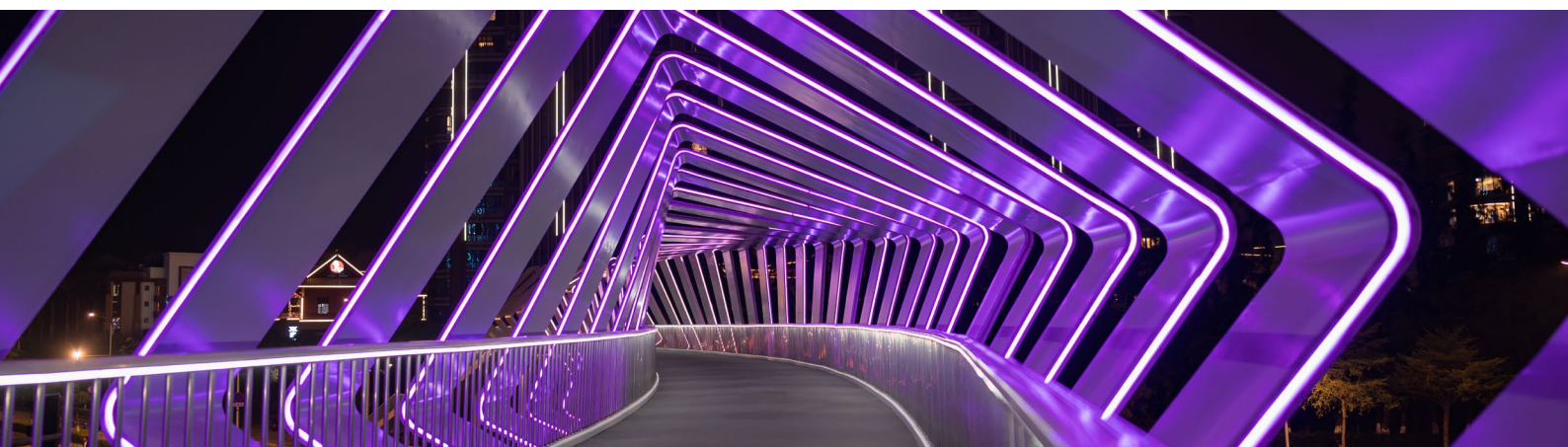


## Investment approach

Our investment approach combines top-down macroeconomic research with bottom-up stock selection. By taking this approach, we aim to construct a fund that we believe will deliver consistent outperformance from multiple sources across all stages of the economic and market cycle. Our disciplined investment process is strictly adhered to in order to identify investment opportunities, drive efficient fund construction and generate consistent returns.



For illustrative purposes only.



## Fund risks

**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.

**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.

**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:** Changes in currency exchange rates may affect the value of your investment.

**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.

**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.

**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.

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## Contact us

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

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

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## Important information

This is a financial promotion and is not investment advice.

The Fund is a sub-fund 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.

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](http://www.rlam.com).

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