

Royal London Sterling Extra Yield Bond Fund

20 year anniversary

For over 20 years this well diversified fund has offered exposure across the credit universe. The fund has a focus on income provision, aiming to achieve a gross redemption yield of 1.25 times the gross redemption yield of the FTSE Actuaries British Government 15 Year index.

Fund overview

The fund is however, not benchmark constrained. It seeks to achieve its investment objective by investing at least 75% of its assets in sterling-denominated securities. The fund may also invest up to 25% of its assets in non sterling denominated securities traded principally on European, U.S., Canadian and Australian exchanges.

The fund aims to mitigate stock specific risk by holding a diversified portfolio of investments, so that no individual investment can, in isolation, have an excessive impact on overall fund performance. We firmly believe in credit diversification as a way of reducing single name credit risk.

Fund managers Eric Holt and Rachid Semaoune source opportunities that are often overlooked by other managers, including unrated bonds.

Investment philosophy

We believe that sterling credit markets offer investors long-established inefficiencies. Our emphasis on covenants (legal constraints), structure (position in the capital structure) and security (claim on specific assets) helps contribute to a consistent return.

Active credit management thrives on market inefficiencies and although they are not common, there are certain biases within debt markets that maintain these inefficiencies. We believe that our

highly experienced team, structured in a collegiate manner and supported by high quality credit analysis allows us to build better portfolios for our clients.

Investment approach

The managers use their considerable experience of researching and investing in a broader credit universe, enabling them to source bonds with strong covenants that are usually secured i.e. backed by a charge on specific assets. We believe this approach provides higher yield without taking the degree of risk we believe is generally associated with high yield funds.

Stock selection reflects the views of our experienced credit team; the process is underpinned by a core investment philosophy of favouring covenants, structure and security. This means that we do not rely just on credit ratings; a key question for us is: 'are we getting sufficient reward for the risk we are taking?'. In practice this means that we hold credit bonds that are excluded from the credit benchmarks (e.g. unrated bonds, smaller issue size bonds, sub investment grade bonds and non-sterling bonds) where we believe valuations are attractive.

The managers are able to adjust asset allocation in line with their views on markets with the aim of generating returns and mitigating losses across the cycle.

The 'go anywhere' bond fund approach has proved popular, particularly amid a backdrop of market and economic uncertainty. The effectiveness of this approach however is dependent upon the skill of the fund managers in navigating markets. Our approach allows us to focus on investing for the longer term. The fund aims to mitigate stock specific risk by holding a diversified portfolio of investments, so that no individual investment can, in isolation, have an excessive impact on overall fund performance. We firmly believe in credit diversification as a way of reducing single name credit risk.

"We believe that sterling credit markets offer investors long established inefficiencies. Our emphasis on covenants, structure and security helps contribute to a consistent return."

Eric Holt, Fund Manager

Fund facts

Launch date	11.04.2003 (A Inc Share Class)
Domicile	Ireland
IA sector	IA Sterling Strategic Bond
Fund structure	ICVC
Reference index [†]	FTSE Actuaries British Government 15 Year Index
Minimum investment	A Inc/Acc Class £100,000 B Inc Class – £1,000 Z Inc/Acc Class – £10,000,000 Y Inc Class £150,000,000
Fund Management Fee	GBP A Inc/Acc Class – 0.84% GBP B Inc Class – 1.35% GBP Z Inc/Acc Class – 0.58% GBP Y Inc Class – 0.40%

Source: Royal London Asset Management as at 31 May 2023.

[†] The fund is not constrained by the benchmark, and uses the FTSE Actuaries British Government 15 Year Index for performance comparison purposes only.

Fund managers



Eric Holt
Fund Manager



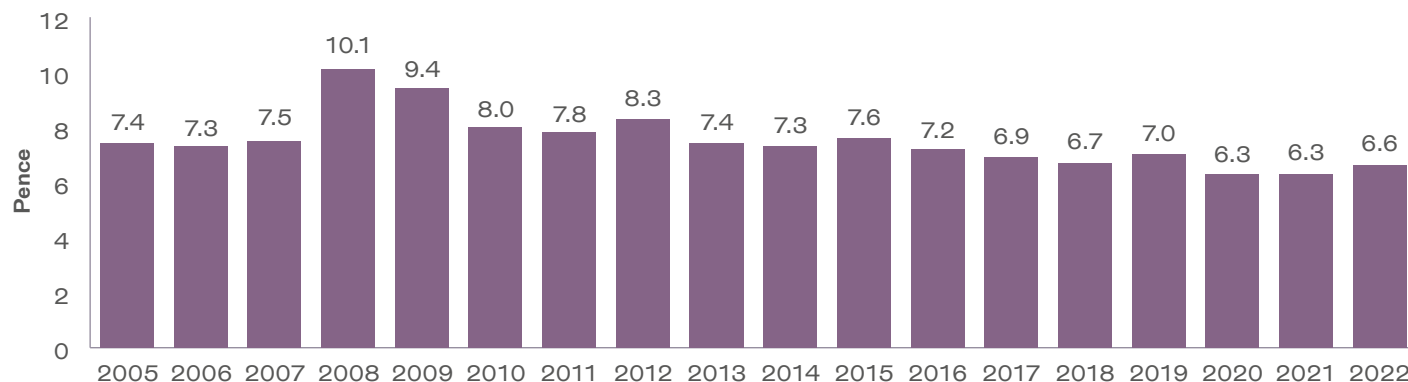
Rachid Semaoune
Fund Manager

Annualised returns

	1 Yr (%)	3 Yr Ann. (%)	5 Yr Ann. (%)	10 Yr Ann. (%)	S.I. Ann (%)
Royal London Sterling Extra Yield A Inc (Net)	-0.64	5.09	2.73	5.30	6.68
Quartile ranking*	1	1	1	1	1
IA Sterling High Yield Average	-0.46	2.18	1.37	2.32	5.19
IA Sterling Corporate Bond Average	-8.01	-4.48	-0.94	1.54	3.19
IA Sterling Strategic Bond Average	-3.95	-1.15	0.52	2.04	4.11

Underpinned by income generation

Distribution per share



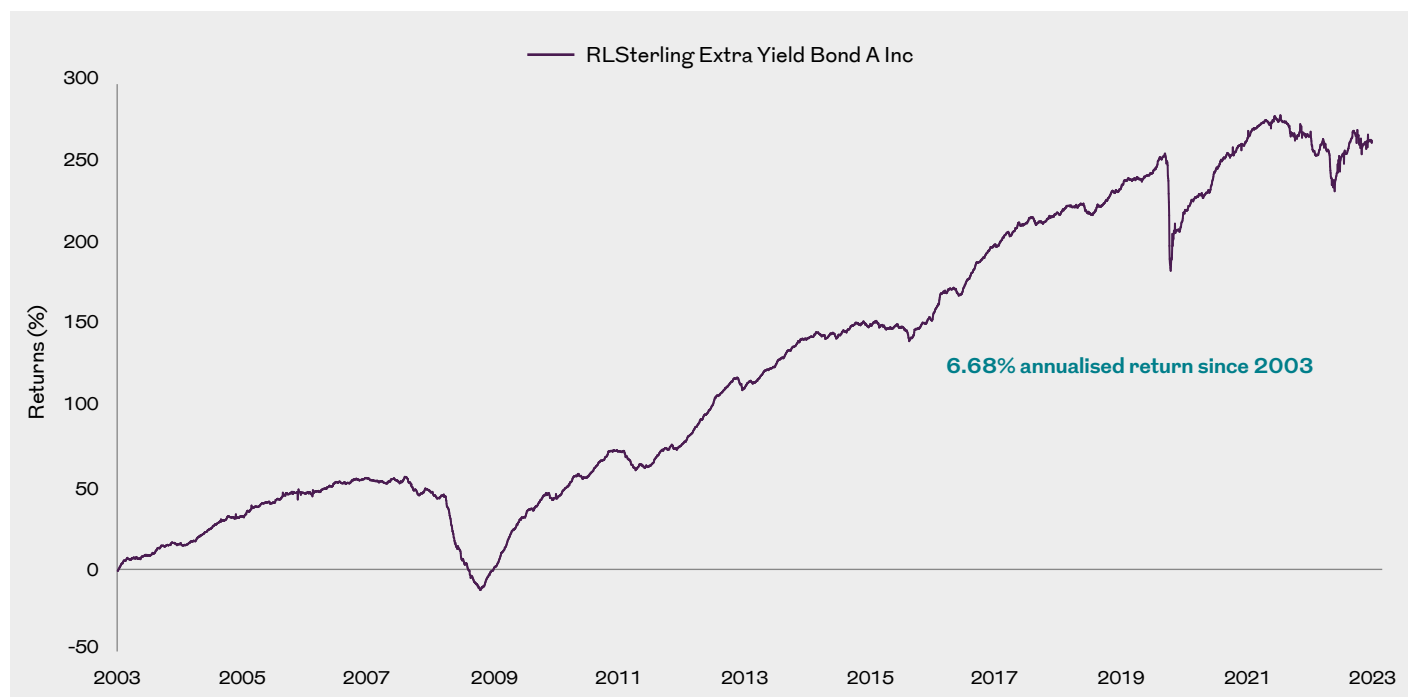
Past performance is not a guide to future performance.

Source: RLAM and FE. All figures stated are for the A Inc share class and are net of fees, mid-price to mid-price, in Sterling, to 31 May 2023.

The inception date of the RL Sterling Extra Yield Bond Fund A Inc 11 April 2003.

* Sector ranking against IA Sterling Strategic Bond sector.

Since inception cumulative performance



Past performance is not a guide to future performance.

Source: RLAM and FE. All figures stated are net of fees, in sterling, to 30 May 2023.

The inception date of the RL Sterling Extra Yield Bond Fund A Inc is 11 April 2003.

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.

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.

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

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.

Contact us

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

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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.

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