

Royal London Unit Trust Managers

Assessment of Value 2024



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Introduction

Welcome to your 2024 Assessment of Value report for Royal London Unit Trust Managers Limited (RLUTM). This annual report aims to give you an update on the funds we manage on your behalf, any issues that we have identified, and what we are doing to address those issues, all with a view to ensure that you receive value for money.

Each year, we gather data up to 31 March on the funds and their competitors, hear from fund managers and present our findings to investors in this report.

Independence and experience

As the management company for the funds, RLUTM bears ultimate responsibility for the overall administration and management of your investment.

We have appointed Royal London Asset Management Limited as the Investment Manager for the funds, a separate company from RLUTM, both ultimately owned by The Royal London Mutual Insurance Society Limited (RLMIS) – the UK’s largest mutual pension and investment company.

The funds in the RLUTM range are managed by fund managers from Royal London Asset Management according to objectives and guidelines set out in the official fund documents. It is the duty of the RLUTM Board of Directors to ensure the funds are being managed as investors would expect and are delivering value for investors.

This is a key role – on a day-to-day basis individual investors cannot do this, and the Board therefore represents their interests.

To ensure that, the Board has a mix of skills and is made up of directors from Royal London Asset Management, RLMIS and two independent non-executive directors. Having independent directors brings a different perspective and ensures that investors’ interests are fully represented. You can find out more about our Directors on page 12.

Regular insight and focus on good outcomes for investors

The Assessment of Value report is an annual one. However, the Board meets formally four times each year, reviewing and discussing information on how the funds are performing and the quality of our service to investors.

Over the last couple of years, a particular focus of our discussions has been on ensuring we are well positioned to meet a new higher standard of consumer protection across UK financial services known as the ‘Consumer Duty’.

Put simply, this requires firms to put their customers’ needs first. What does that mean in practice? As well as delivering good value, it’s about ensuring that RLUTM funds are well-designed and meeting customers’ needs, that we communicate and explain our funds in a way customers can understand, and that we are supporting our customers on an ongoing basis. This reflects a greater emphasis on transparency in regulation generally – something that can also be seen in the FCA’s new Sustainability Disclosure Requirements (SDR) that came into force in 2024. We expect to update you further on the effects of SDR in the funds in next year’s report.

Our findings for the last year

In contrast to the last report, markets have generally been more positive over the past 12 months.

Last year, we were pleased that most RLUTM funds performed well in our assessment and the same is the case this year. The table on pages 4 to 6 lists all the funds covered by this report and shows their ratings, followed by further information where we have identified an issue. Some of the issues are already being addressed, as our regular review process highlighted these before the formal Assessment of Value process started.

For more details on the criteria that we judge the funds against and the methodology used, please see pages 10 to 11.

What we can provide next year

We hope you find this report useful, and we continue to look for ways we can make it more helpful and understandable. If you have questions or suggestions, please contact us on AssessmentofValue@rlam.co.uk



John Brett
Independent
Non-Executive
Director and
Chair, RLUTM



Jill Jackson
Independent
Non-Executive
Director,
RLUTM

Fund-by-fund results

Below you can find our Assessment of Value ratings for service, performance and costs for each of RLUTM’s funds, as at the end of March 2024. The methodology used is detailed on pages 10 to 11. However, for each of the criteria assessed we assign either a Green, Amber or Red rating, denoting that we identified either no issue in that category, a potential / minor issue, or a more significant issue. We have also presented an overall rating which blends the results across the different criteria to give an ‘at a glance’ view of whether a fund is doing what it should for our investors.

Where we believe an aspect of a given fund or any of the individual share classes merits a Red or Amber rating, we have added a note on the following pages to provide more details of the issue and our approach to dealing with it.

If you want to know more about your fund or see the latest information on how it is performing, you can go to the ‘Our Funds’ section of our website at www.rlam.com

Fund Name	Overall Rating	Quality of Service	Performance	Costs					Further Information
				AFM Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Units	
Royal London Asia Pacific Ex Japan Equity Tilt Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London Cautious Managed Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London Corporate Bond Fund	Green	Green	Green	Green	Green	Green	Green	Amber	See page 7
Royal London Diversified Asset-Backed Securities Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London Emerging Markets ESG Leaders Equity Tracker Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London Ethical Bond Fund	Green	Green	Green	Green	Green	Green	Green	Green	
Royal London Europe Ex UK Equity Tilt Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London European Growth Fund	Green	Green	Amber	Green	Green	Green	Green	Green	See page 7
Royal London Global Equity Diversified Fund	Green	Green	Green	Green	Green	Green	Green	Green	
Royal London Global Equity Income Fund	Green	Green	Green	Green	Green	Green	N/A	Green	
Royal London Global Equity Select Fund	Green	Green	Green	Green	Green	Green	Green	Green	
Royal London Global Index Linked Fund	Green	Green	Green	Green	Green	Amber	N/A	Green	See page 7



If your fund has been allocated a Green rating, no issues have been identified.



An Amber rating means our data has captured a potential issue in the value for one of our funds and flagged it for review. We will let you know what we are doing to monitor or address the issue.



Where a fund has been allocated a Red rating for any one of our performance, service and cost categories, this means we have identified an issue to be addressed, and we will set out what actions we are taking.

Fund Name	Overall Rating	Quality of Service	Performance	Costs					Further Information
				AFM Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Units	
Royal London Global Sustainable Equity Fund	Green	●	●	●	●	●	●	●	See page 7
Royal London GMAP Adventurous Fund	Green	●	●	●	●	●	●	●	
Royal London GMAP Balanced Fund	Green	●	●	●	●	●	●	●	
Royal London GMAP Diversified Bond Fund	Amber	●	●	●	●	●	N/A	●	See page 8
Royal London GMAP Defensive Fund	Green	●	●	●	●	●	●	●	
Royal London GMAP Dynamic Equity Fund	Green	●	●	●	●	●	N/A	●	See page 8
Royal London GMAP Growth Fund	Green	●	●	●	●	●	●	●	
Royal London Index Linked Fund	Green	●	●	●	●	●	●	●	
Royal London International Government Bond Fund	Green	●	●	●	●	●	N/A	●	
Royal London Investment Grade Short Dated Credit Fund	Green	●	●	●	●	●	N/A	●	
Royal London Japan Equity Tilt Fund	Green	●	●	●	●	●	N/A	●	
Royal London Japan Equity Tilt TTF	Green	●	●	●	●	N/A	N/A	N/A	
Royal London Multi Asset Strategies Fund	Green	●	●	●	●	●	N/A	●	See page 8
Royal London Property Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short Duration Credit Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short Duration Gilts Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short Duration Global Index Linked Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short Term Fixed Income Enhanced Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short Term Fixed Income Fund	Green	●	●	●	●	●	N/A	●	
Royal London Short-Term Money Market Fund	Green	●	●	●	●	●	N/A	●	
Royal London Sterling Credit Fund	Green	●	●	●	●	●	●	●	
Royal London Sustainable Growth Fund	Green	●	●	●	●	●	N/A	●	

Green

If your fund has been allocated a Green rating, no issues have been identified.

Amber

An Amber rating means our data has captured a potential issue in the value for one of our funds and flagged it for review. We will let you know what we are doing to monitor or address the issue.

Red

Where a fund has been allocated a Red rating for any one of our performance, service and cost categories, this means we have identified an issue to be addressed, and we will set out what actions we are taking.

Fund Name	Overall Rating	Quality of Service	Performance	Costs					Further Information
				AFM Costs	Economies of Scale	Comparable Market Rates	Comparable Services	Classes of Units	
Royal London Sustainable Short Duration Corporate Bond Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Broad Equity Tilt Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Core Equity Tilt Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Dividend Growth Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Equity Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Equity Income Fund	Green	●	●	●	●	●	●	●	
Royal London UK Government Bond Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Mid Cap Growth Fund	Green	●	●	●	●	●	N/A	●	See page 9
Royal London UK Opportunities Fund	Red	●	●	●	●	●	N/A	●	See page 9
Royal London UK Real Estate Fund	Green	●	●	●	●	●	N/A	●	
Royal London UK Smaller Companies Fund	Amber	●	●	●	●	●	N/A	●	See page 9
Royal London US Equity Tilt Fund	Green	●	●	●	●	●	N/A	N/A	
Royal London US Equity Tilt TTF	Green	●	●	●	●	N/A	N/A	●	

Green

If your fund has been allocated a Green rating, no issues have been identified.

Amber

An Amber rating means our data has captured a potential issue in the value for one of our funds and flagged it for review. We will let you know what we are doing to monitor or address the issue.

Red

Where a fund has been allocated a Red rating for any one of our performance, service and cost categories, this means we have identified an issue to be addressed, and we will set out what actions we are taking.

Fund findings and actions

This section provides further information on those funds where our assessment this year has identified an issue, or a potential issue, in relation to one or more of the criteria that we look at.

Royal London Corporate Bond Fund

Criterion Cost – Y share classes	Rating 
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Specific findings

We found that investors in the fund's 'Y' share class are eligible for and would benefit from their holdings being switched into a different share class that has a lower fee.

What actions are we taking?

We will be communicating to those investors to notify them of our intention to switch their holdings to the cheaper class in the next few months.

Royal London European Growth Fund

Criterion Performance	Rating 
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Specific findings


We found that the returns (after fees) on the fund's 'A' and 'M' share classes have not consistently outperformed the fund's benchmark index. We have therefore given the fund an Amber rating for performance.

What actions are we taking?

The scale of underperformance is relatively small, so the Board is not seeking changes in how the fund is being managed by the Investment Manager.

We are however assessing whether our fee levels are appropriate for the level of returns being generated before fees. In May, we had already reduced the fee on the A share class from 1.10% to 1.05% and we are now assessing whether further action should be taken, including in respect of the fees for the M class.

Royal London Global Index Linked Fund

Criterion Cost	Rating 
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Specific findings

Our regular comparison of fees compared to those charged by similar funds provided by other firms highlighted that the fees for the 'M' and 'Z' share classes were more expensive than other funds in the market. The Board therefore rated the fund Amber for cost.

What actions are we taking?

We have recently concluded a review of our fees and determined that the fees for both the M and Z share classes should be reduced. We are planning to communicate the details of those reductions to investors shortly.

Royal London Global Sustainable Equity Fund

Criterion Performance	Rating 
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Specific findings

We thought it would be helpful to provide investors in this fund with additional information on this year's assessment of the performance of this fund, which was rated Amber in last year's report and Green for this year.

The fund, which is now just over four years' old, has a target of beating its benchmark index by 2.5% per annum (after deducting fees) measured over rolling three-year periods. As at the end of March 2024, the fund's returns have beaten the target over the most recent 12 months and are in line with target over the full period since launch.

On the three-year review, however, the fund has underperformed the target. Noting this finding, the Board has concluded that a Green rating for performance is merited following a closer look into the pattern of performance since the fund was launched.

That is because the fund has consistently met its performance target except for a short period following the Russian invasion of Ukraine in 2022. The invasion led to much higher oil and gas prices, in turn leading to very strong performance from companies in that sector which are included in the benchmark index. The fund does not invest in these companies due to its sustainable objective.

The nature of the Investment Manager's sustainable investment process means that this fund, and others like it, can and will have significant differences to benchmark indices – for example little or no exposure to mining or oil & gas, and often a greater exposure to areas such as technology and healthcare which make a positive contribution to society. These biases can therefore lead to short-term periods of underperformance, but over the long term, we believe that these will benefit investors.

Royal London Global Multi Asset Portfolios (GMAPs)

Criterion	Rating
Performance	GMAP Diversified Bond Fund ● GMAP Growth Fund ● GMAP Adventurous Fund ● GMAP Dynamic Equity Fund ●

Specific findings

As in previous years, our review of the GMAPs range has combined consideration of the funds' performance versus their investment objectives, which are to achieve capital growth over the course of a market cycle, targeting a risk/return level that is relative to that of the other funds in the range, and performance versus the funds' custom composite benchmarks, as well as against the average fund in their peer group.

In last year's report, the GMAP Growth and GMAP Adventurous funds were rated Amber for performance. Both were already on an upward trend and we are pleased to report that this continued into the latest review period and hence both are rated Green for performance this year.

We have completed a review to assess whether we could be clearer in communicating to investors how the GMAPs work. Since last year's report, two funds – GMAP Conservative and GMAP Dynamic – were renamed as GMAP Diversified Bond and GMAP Dynamic Equity respectively, to better clarify that they invest in a single asset class.

GMAP Dynamic Equity was rated Red for performance last year, but has improved against both benchmark and versus its peers, and hence is rated Amber for performance this year.

GMAP Diversified Bond was rated Amber for performance last year. While performance has matched its benchmark, it remains behind its peer group over all time periods resulting in its performance rating moving to Red for this year. In addition, the pattern of returns for this fund has been somewhat more volatile than would be expected for this fund, which is intended to be the lowest risk fund in the range.

What actions are we taking?

The Board will continue to closely monitor the performance of all the GMAPs, however noting the continued trend of improvement in their assessment ratings, it is not seeking any changes in how they are being managed.

The performance of GMAP Diversified Bond relative to the rest of the range reflects the higher than usual level of volatility in fixed income markets over recent years. With this fund entirely invested in fixed income (whereas the other funds have only a proportion of total assets), that volatility has had a larger impact on the risk/return delivered. And following our review of how the funds are communicated, we have identified a different peer comparator that is a closer fit to how the fund is managed than its current comparator and therefore a better basis for assessing the fund's performance in future. We will be writing to investors soon to provide more details on this change.

Royal London Multi-Asset Strategies Fund

Criterion	Rating
Performance	●

Specific findings

This fund's objective is to achieve a combination of capital growth and income, while employing diversified multi-asset strategies to manage volatility and the risk of loss. It aims to deliver an annualised total return of 4% above the return on cash, over rolling five-year periods.

The fund was launched in late 2018, so it is now more than five years old. Over this period, it has produced a positive return and demonstrated an ability to control volatility and protect against downside impacts. Returns over that period have not, however, matched the stated target of cash plus 4%. For that reason, it has been rated Amber for performance.

What actions are we taking?

The Board will continue to closely monitor performance, and we will be writing to investors soon to outline our conclusions from a review we have undertaken of the fund's current objective and target, in the context of the significantly changed economic environment since the fund was launched.

Royal London UK Mid Cap Growth Fund

Criterion Performance	Rating 
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Specific findings

This fund aims to deliver returns greater than its benchmark index over medium-term periods (measured as five years). Over more recent periods, performance has been weaker than the benchmark, meaning that over the full five-year period returns are now behind benchmark as well. As a result, the Board has rated the fund Amber for performance.

What actions are we taking?

A review of the investment process was undertaken recently by the Investment Manager, recommending no changes at this point. Given that the fund has consistently been rated Green for performance in the past, the Board has accepted that recommendation but will monitor performance closely over the next 12 months.

Royal London UK Opportunities Fund

Criterion Performance	Rating 
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Specific findings


Over several years this fund has been underperforming its target which is to deliver returns greater than its benchmark index over a medium-term period (measured as five years) and it was rated Red for performance in last year's assessment.

At the start of 2023, the Investment Manager made changes to the team managing the fund and adjusted the composition of the fund's investments. While initial signs from these changes were promising, returns have been inconsistent and the fund remains behind the index. As a result, we have maintained the Red performance rating and moved the fund's overall rating from Amber to Red.

What actions are we taking?

The Board recognises that it can take several years to fully turnaround the fund's performance; however, it is disappointed with the returns achieved to date. Therefore, the Board is now considering whether further actions may be required to deliver in the best interest of customers and will update on these when confirmed.

Royal London UK Smaller Companies Fund

Criterion Performance	Rating 
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Specific findings

This fund aims to deliver returns greater than its benchmark index over five-year periods. Although returns early in the five-year period to the end of March 2024 were good compared to the benchmark, returns over the past two to three years, including the latest 12 months, have been well behind benchmark. The Board therefore rated performance Red.

What actions are we taking?

No immediate changes will be made. The Investment Manager continues to use an investment strategy that has been in place for some years, and that has helped produce strong returns in the past. Discussions between the Board and the fund managers over the last year were helpful in explaining some of the reasons for the more recent underperformance. The managers use an established process that has historically delivered attractive returns, based on a long-term approach that favours buying companies with strong growth prospects. This will normally produce a portfolio that looks quite different to the benchmark – this reflects the active approach taken by the team but does increase scope for performance of the fund and benchmark to look different over shorter time periods.

Over the past two years, the market has favoured companies that have lower growth rates but look cheap relative to the market. The portfolio managers have explained that given the long-term nature of their approach, and that market biases can reverse, changing approach to try to reflect market trends would not be in the long-term interests of investors.

The Board will continue to review updates from the Investment Manager on the fund over the next 12 months so the Board can evaluate whether the situation is improving or whether changes may be required.

How we assessed the funds

Introduction

Throughout the year, we look at how our business is adding value for our customers and focus on the areas where we can do better.

Annually, we report back to you in this report so you can see the progress from both last year's report and the other work which we have done as part of our ongoing reviews of our funds.

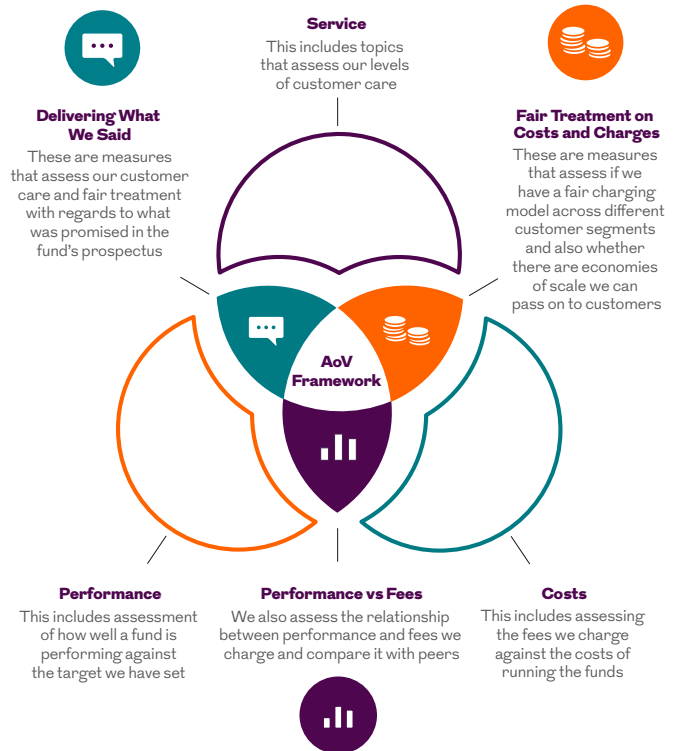
Here we provide you with an overview about the issues we are investigating, our methodology and how you can interpret our findings.

Understanding this report

We believe that trust and good service are, in part, achieved through transparency. Being transparent means giving investors the information they require in the simplest form possible - allowing them to make informed decisions about their investments and finances.

Our approach continues to be based around using the three broad categories of performance, service and cost to determine where we are adding value and where we are falling short, evaluated against each of the seven criteria specifically defined by the FCA for such assessment.

The **Fund-by Fund Results** section of this report uses a traffic light system that lets you see at a glance, whether your fund is delivering good value, or if it is falling short under each of performance, service or cost, and if there are any Amber or Red traffic lights, the page where you can find further information.



Performance

What do we mean by good performance?

This sounds straightforward but this is not always the case. When we launch a fund, we state in the prospectus what the investment objective is. This may be to produce a return that is better than cash, a group of competitor funds, or a market index such as the FTSE 100.

You will be able to clearly see if our independent process has identified any concerns around underperformance that need to be investigated.

We'll let you know what measures are being put in place if your fund is significantly underperforming its benchmark or objective. It's important to remember that although we report to you every 12 months, when we look at performance we mainly focus on the longer-term picture. By that we mean a period usually of at least three-to-five years, which is the minimum length of time that most of our funds are designed to be held for.

Service

What do we mean by good service?

Here we are assessing our levels of care and whether we are being fair to customers. Service in asset management is, in many ways, about transparency - do we action customer requests and provide transparent information on an accurate and timely basis? By assessing our level of service, we wanted to ensure that customers continue to receive the range and quality of the information they need.

On behalf of customers, we also review the levels of service being provided to the funds by our key partners: Royal London Asset Management (who provide investment management services), HSBC (who provide fund accounting, depositary and custody services) and SS&C (our transfer agency). This includes reviewing information on the quality of the processes operated by each of these service providers.

To gauge our service, we also look closely at feedback from advisers and other financial professionals because we know that most investors in Royal London funds use an adviser.

We'll let you know what measures we are putting in place if complaints or other measures indicate poor customer service outcomes. We'll also let you know if you are eligible for a lower fee share class.

Cost

While cost plays a significant part in determining whether our funds are delivering value for investors, we do not believe it should be the only factor, and that driving down costs is not always in the best interests of investors. For example, the fees we charge enable us to continue to invest in improving the technology and infrastructure that underpins the delivery of our services. This includes making sure that the business is prepared for unforeseen events and can continue to operate without any business interruptions as it did during the pandemic.

What questions are we asking on costs?

- **AFM Costs:** As the authorised fund manager (AFM), we compare what has been charged by the fund against the cost of providing the services that are paid for from the charge and ask are the fee levels we charge our customers reasonable by reference to the costs involved with managing the funds, and the services provided to investors? Are we as efficient as we can be in managing our costs? How do we compare to other firms in this industry?
- **Economies of scale:** We assess whether RLUTM can achieve savings and benefits for customers from economies of scale, relating to the costs of managing a fund and considering the size of the fund and whether it has grown or contracted in size as a result of flows.
- **Comparable market rates:** How do the fees we charge compare with similar funds available from our competitors?
- **Comparable services:** How do the fees we charge for the funds compare with the fees paid for investment mandates managed for clients in other segments of our business, if those mandates are similar to the funds?
- **Classes of units:** Where there are different fee rates for different types of shares in a particular fund, are those differences fair? We assess whether it is appropriate for investors to hold shares in classes subject to higher charges than those applying to other classes of the same fund.

RLUTM Board



John Brett
Independent
Non-Executive
Director and
Chair

John joined RLUTM in September 2019 as an independent non-executive director. He has held a number of senior roles in asset management over the last 20 years including CEO of a wealth management firm, Head of Distribution for Aberdeen Asset Management and Sales & Marketing Director for Scottish Widows Investments. He is a qualified lawyer and has held senior positions responsible for legal, risk, governance, products and strategy. He is currently the non-executive chair of a wealth management business.



Jill Jackson
Independent
Non-Executive
Director

Jill joined RLUTM in April 2022 as an independent non-executive director. Jill has over 25 years' experience in the asset management industry and has held a number of senior positions for large asset managers during that time. Prior to joining the RLUTM Board, Jill was the Chief Executive Officer of The Big Exchange, a direct to consumer impact investing platform. Jill currently chairs an advisory council on responsible investing for a family-owned asset management firm and is also the Trustee of a cancer charity.



Hans Georgeson
Executive
Director

Hans joined Royal London Asset Management as Chief Executive Officer in April 2021. He started his financial services career in 1996 as an equity analyst at BZW Investment Management, the asset management arm of Barclays. Hans remained with Barclays until 2010, progressing through a number of executive roles at Barclays Wealth, Gerrard Investment Management and Barclays Stockbrokers.

In 2010 Hans joined Architas, and under his tenure the business grew to over £40bn assets, operating across 13 countries. Hans graduated from Oxford University with a degree in Politics, Philosophy & Economics and a Masters degree in Economics. He completed his MBA at INSEAD in 2000.



Andy Hunt
Executive
Director

Andrew joined Royal London in December 2015, joining the Board of RLUTM in July 2017 and becoming Chief Financial Officer of RLUTM and Royal London Asset Management in January 2018. He has responsibility for all aspects of finance including business performance, statutory and regulatory reporting, and the ICARA. Andrew is also Client Money Oversight Officer for RLUTM and Royal London Asset Management, responsible for the protection of client money and assets.



Jon Glen
Executive
Director

Jon was appointed to the RLUTM board in April 2024. Jon has more than 20 years' experience in financial services and has held a number of senior roles within Royal London. After spending several years as commercial director for the UK protection business he was appointed Managing Director of Royal London Ireland. After 4 years in Ireland, he returned to the UK in 2016 and soon after joined the Group Executive Committee as Group Operations Director. He is currently a director of a number of Royal London's subsidiary companies, including Director and Chairman of Royal London Marketing Limited and Royal London Savings Limited.



Rakesh Kumar
Executive
Director

Rakesh joined Royal London Asset Management in April 2011, joining the RLUTM Board in June 2017 and is Royal London Asset Management's Operations Director. He is responsible for the management and oversight of the investment and operational aspects of Royal London Asset Management's business. He has expertise in providing leadership, influencing business growth and implementing and managing change to drive organisational performance. Rakesh holds a BSc in Management from the University of St Andrews along with an Executive MBA from Cass Business School. He has over 10 years' experience in the global financial sector.



Susan Spiller
Executive
Director

Susan joined the RLUTM Board in June 2017 and is Head of Proposition at Royal London Asset Management where she is responsible for product development, product governance, and product management. She joined Royal London Asset Management in March 2002. Prior to this she has built up a strong background in a wide variety of sales, marketing, product development, and investment management activities. Her experience includes 15 years' experience working at Charles Schwab & Co, Fidelity Investments, and State Street Bank & Trust Co. Susan has a BA degree in Economics from Duke University and an MBA from Stanford University.

Glossary

Absolute return: an investment approach that aims to achieve a return that is not benchmarked against any index and aims to provide positive returns regardless of financial conditions.

ACD/AFM: authorised corporate director/authorised fund manager. The firm that is the officially designated manager of an OEIC or ICVC, who is obliged to comply with FCA regulations.

Active management: an investment style that is designed to exceed the return of a benchmark index. Active managers base their decisions to deviate from a benchmark's composition on their judgment and analysis. Contrast with passive management.

Assessment of Value: introduced by the Financial Conduct Authority in 2019, the Assessment of Value rules require fund management companies to assess the value of each of their funds, take corrective action on any funds that do not offer good value, and explain their fund assessments annually in a publicly available report.

Asset class: a category of investments, such as shares or bonds, that display similar characteristics.

Benchmark: a performance target for investments. This is usually an index or a peer group (an acknowledged selection of similar investments).

Bonds: sometimes referred to as fixed income, bonds represent loans made by investors to corporations or public bodies (the bond issuers). Bonds pay out a previously agreed interest payment (or coupon) on their debt to investors until a maturity date, when the initial investment (or principal) is repaid.

Bond fund: a portfolio composed of fixed income investments.

Capital growth: the rise over time of an investment's value.

Capital preservation/protection: investment techniques /approaches that aim to prevent loss of an investment's original capital value.

Capital return: the measured performance of an investment according to its change in value over time, without factoring in dividends or any other income.

Commodities: resources-related physical investments like oil, gold or wheat.

Corporate bonds: fixed income investments issued by a company as a way to raise finance.

Custody: a custodian is a financial institution that holds securities or assets on behalf of its clients.

Depository: The depository is appointed by the authorised corporate director (ACD) and is responsible for the safekeeping of the fund's assets including cash, shares and bonds.

Derivatives: investments that derive their value from another closely related underlying investment.

Developed markets: countries with more advanced economies. Developed markets according to MSCI classification include the UK, US, Hong Kong and most euro zone countries.

Domicile: the country where a fund was first set up, and the jurisdiction that applies for tax and regulation purposes.

Diversification: investing in multiple asset classes or sectors in order to reduce risk.

Duration: an investment's sensitivity to interest rate changes.

Emerging markets: markets in the developing world that are more advanced than frontier markets. Emerging markets according to MSCI classification include China, Russia, India and Brazil.

Equities: stocks listed on an exchange, which represent partial ownership of a listed company. Often also referred to as 'shares'.

Equity fund: a portfolio that invests in equities.

ESG: environmental, social and governance. A list of predefined criteria that determines how a company operates in terms of sustainability and overall corporate governance.

Ethical criteria: predefined restrictions on sectors or asset classes that a manager may invest in.

FCA: Financial Conduct Authority. The UK's regulator of the finance industry.

Fixed income investments: also known as bonds. Fixed income investments pay out a previously agreed interest payment until that investment reaches maturity.

FTSE 100: Financial Times Stock Exchange 100 Index. A list of the top 100 companies listed on the UK stock market, ranked by market capitalisation.

Government and public bonds: bonds issued by governments or public bodies, not by corporations.

Greenwashing: a fund or strategy that misleads potential investors to believe that it has strong ESG credentials when this may not be the case.

Growth: a style of investing that aims to increase the original capital invested.

Hedging: reducing risk by protecting an investment with another related investment.

High yield bonds: bonds with a lower credit rating than investment grade bonds, typically issued by companies, that are seen as higher risk and hence usually offer a higher yield.

ICVC: investment company with variable capital. An open-ended investment vehicle that can create new shares to accommodate additional investors.

Income: a form of payment generated by an investment, such as dividends or bond coupons.

Income investing: investment style that looks for income rather than capital growth.

Index-linked bonds: fixed income investments where coupon payments and final principal repayment are tied to an inflation index.

Inflation: the average rise in prices of a predetermined list (or 'basket') of goods.

Interest rates: the cost of borrowing and using money. These are set by central banks and are expressed as a percentage owed of the amount borrowed.

Interest rate risks or exchange rate risks: risks associated with changes in the level of interest rates or the difference between the comparative value of different countries' currencies.

Investment grade bonds: bonds that have been assessed by credit ratings agencies, and which are deemed to be higher quality and therefore less likely to default.

Large-cap: companies with a large market capitalisation (value). Defined by MSCI as the top 70% of overall market capitalisation, although the proportion varies between different markets and index providers.

Liquidity: the availability of money for lending or ease of buying/selling an investment.

Market capitalisation: the number of a company's issued public shares multiplied by the share's value. This is the value of a company as determined by the market.

Maturity: the time at which the principal and all interest related to a bond are to be paid.

Mid-cap: companies with a medium market capitalisation (value). Defined by MSCI as the 15% of the market below 'large cap' market capitalisation, although the proportion varies between different markets and index providers.

Multi-asset/multi-asset strategies: investment approaches that use different asset classes such as equities, bonds and cash in one portfolio.

OEIC: Open-Ended Investment Company – a UK legal structure for an investment company with variable capital or ICVC.

Overseas corporate bonds/overseas government bonds: bonds from countries other than the UK.

Passive strategy: fund that sticks closely to an index in terms of its composition and expected returns. Contrast with active management.

Prospectus: a fund prospectus is a legal document setting out details of how a fund will be managed, including information such as the investment objectives, fees and any restrictions.

SDR: The Sustainability Disclosure Requirements regulations came into force in the UK in 2024. These are designed as anti-greenwashing rules – laying out criteria for companies that wish to label their funds as having sustainable or green characteristics.

Securities: the word 'security' can generally be used interchangeably with bond or equity/stock. It can also be used to mean both at once – 'bond and equity securities'.

Small-cap: companies with a small market capitalisation (value). Defined by MSCI as the bottom 5% of overall market capitalisation, although the proportion varies between different markets and index providers.

Sovereign bonds: fixed income investments issued by governments.

Stocks/shares: another word for an equity security, which represent partial ownership of a listed company.

Share class: funds can offer different classes of shares to different types of investors that charge different fees and expenses, while still giving exposure to the same underlying set of investments.

Sub-investment grade securities/non-investment grade: bond with a lower rating than investment grade. A greater risk of default usually means a higher yield.

Total return: the capital gain (including income) or loss generated by an investment over a specific period.

Tracking error: a measure of risk indicating how closely a portfolio follows an index.

Transfer agency: a transfer agent keeps the records of who owns the shares or units in a fund, and distribute dividends and distributions.

UK government bonds: also known as 'gilts' and issued by HM Treasury.

Value investing: an investment style targeting stocks that are being bought and sold at prices lower than their intrinsic value, i.e. that are undervalued by the market.

Volatility: usually made in reference to prices, volatility describes the potential for rapid, aggressive and unpredictable change.

Yield: a measure of the income return earned on an investment. For a bond, the yield is usually seen as the annual income paid as a percentage of the current market price.

Contact us

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

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For more information on the funds, 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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