

Royal London Corporate Bond Fund

30 June 2014



Overview

The fund seeks to achieve a combination of mainly income with some capital growth over the medium (5 years) to long term (7 years). The Corporate Bond Fund invests in a broad range of sterling fixed interest assets.

Performance 12 Months Ending

	30/06/14	30/06/13	30/06/12	30/06/11	30/06/10
(Class A Inc)	8.25%	8.66%	7.03%	7.29%	22.44%
(Class M Acc)	8.66%	-	-	-	-
(Class M Inc)	8.72%	9.09%	-	-	-
(Class Z Inc)	8.90%	9.30%	7.67%	7.95%	-

Cumulative Performance to 30/06/2014

	3 months	6 months	1 Year	3 Years	5 Years
(Class A Inc)	2.53%	5.54%	8.25%	25.89%	65.37%
(Class M Acc)	2.63%	5.71%	8.66%	-	-
(Class M Inc)	2.67%	5.79%	8.72%	-	-
(Class Z Inc)	2.69%	5.85%	8.90%	28.15%	-
Sector Average	2.15%	4.37%	6.49%	20.43%	48.54%
Benchmark	2.04%	4.50%	6.75%	23.88%	51.04%
Quartile Ranking (Class A)	1	1	1	1	1

Mid to mid, net of fees and taxes, net income reinvested unless otherwise stated. Information about past performance is not a reliable indicator of future results. The investor may not get back part, or all, of the amount originally invested. The value of your investment and the income from it is not guaranteed and can fall as well as rise. Please refer to the Key Investor Information Document (KIID) for a list of the relevant risks. All yields are net of expenses and gross of taxes. This fund converted from a unit trust (bid price) to an OEIC (mid price) on 30th April 2010. This change is reflected in past performance history.

Distribution History (Net)

	Jun-14	Mar-14	Dec-13	Sep-13
(Class A Inc)	0.96p	0.98p	0.96p	0.96p
(Class M Inc)	1.11p	1.16p	1.14p	1.13p
(Class Z Inc)	0.97p	1.00p	0.98p	0.98p

Fund Commentary

The rise in gilt yields in June, most marked in the 5 year maturity area at almost 0.2%, was a significant factor in sterling corporate bond returns in the month. Compared to the index return for gilts of -0.53% in June, sterling investment grade corporate bonds posted an index return of -0.33%, with only the insurance and subordinated debt bank sectors managing positive returns in the month. By credit rating, BBB bonds came in with a return of -0.07% while AA bonds' return was -0.45%. This mundane performance in June brings returns in the first half of 2014 to 3.25% and 4.50% respectively for the two asset classes of gilts and sterling corporate bonds.

Fund Overview

General Information

Fund Manager:	Sajiv Vaid
Fund size (mid basis)	£525.28m
Fund Type	OEIC
Fund domicile	GBR
ISA	Y
Duration	7.4
Benchmark Duration	7.7
Benchmark:	iBoxx Sterling Non Gilts All Maturities Index

Share Class A (Income)

Inception date	29/03/1999
Initial charge	3.00%
Annual mgmt charge	0.90%
Min investment	£1,000
Min monthly contribution	£50
OCF	0.95%
Sedol number	B3P2K89
Mid price	93.48
Distribution yield	5.12
Underlying yield	4.17

Share Class M (Accumulation)

Inception date	26/11/2012
Annual mgmt charge	0.45%
Min investment	£100,000
Min monthly contribution	£1,000
OCF	0.55%
Sedol number	B87FJ40
Mid price	109.20
Distribution yield	5.12
Underlying yield	4.57

Share Class M (Income)

Inception date	01/05/2012
Annual mgmt charge	0.45%
Min investment	£100,000
Min monthly contribution	£1,000
OCF	0.52%
Sedol number	B6XZQT4
Mid price	111.40
Distribution yield	5.12
Underlying yield	4.60

Share Class Z (Income)

Inception date	30/04/2010
Annual mgmt charge	0.30%
Min investment	£1,000,000
OCF	0.36%
Sedol number	B3MBXX4
Mid price	95.86
Distribution yield	5.12
Underlying yield	4.76

Credit Breakdown		
	Fund (%)	Index*(%)
AAA	3.1	21.8
AA	4.7	14.7
A	25.8	31.8
BBB	48.3	31.6
BB and below	6.1	0.0
Unrated	12.0	0.1

*iBoxx Sterling Non Gilts All Maturities Index (RLAM as at 30/06/14)

Sector Breakdown		
	Fund (%)	Index*(%)
Banks and financial services	21.5	19.0
Structured	21.5	11.9
Utilities	14.0	12.8
Insurance	10.3	6.1
Real estate	7.0	1.3
Telecommunications	5.4	6.0
Social housing	4.1	2.0
Consumer services	3.9	5.3
Covered	3.9	3.2
Investment trusts	3.2	0.1
General industrials	2.6	5.2
Consumer goods	2.4	5.7
Foreign sovereigns	0.3	0.9
Supranationals & agencies	0.0	20.4

*iBoxx Sterling Non Gilts All Maturities Index (RLAM as at 30/06/14)

Asset Split		
	Fund (%)	Index*(%)
Conventional corporate bonds**	99.7	99.1
Index linked corporate bonds	0.0	0.0
Sterling conventional gilts	0.0	0.0
Sterling index linked gilts	0.0	0.0
Foreign conventional sovereign	0.3	0.9

*iBoxx Sterling Non Gilts All Maturities Index (RLAM as at 30/06/14)

**Conventional corporate bond allocation includes exposure to non-sterling credit bonds and certificates of deposits, where applicable.

Top Ten Holdings		Fund (%)
Lloyds 5.125% 2025		1.0
Co-operative Bank 4.75% 11/11/2021		0.9
Great Rolling Stock 6.875% 27/07/2035		0.9
AA Bond 6.269% 02/07/2043		0.9
Equity Release 5.7% 26/02/2031		0.9
Premiertel 6.175% 08/05/2032		0.8
Electricite de France 6% Vrn Perp		0.8
Intu Debenture Plc 5.562% 31/12/2027		0.8
Goodman Australia 9.75% 16/07/2018		0.8
RMPA Services 5.337% 30/09/2038		0.8
Total		8.6
Total No. of Holdings		224

(RLAM as at 30/06/2014)

Risk Warnings

The issuers of certain bonds could become unable to make income or capital payments on their bonds.

Yield Definitions

The **distribution yield** reflects the amounts that maybe expected to be distributed over the next 12 months. The **underlying yield** reflects the annualised income net expenses of the fund as a percentage (Calculated in accordance with the relevant accounting standards). Both these yields are calculated as a (%) of the mid-price of the fund and are month end snap shots and do not include any preliminary charges and investors may be subject to tax on distributions

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Source: rlam, Financial Express and HSBC as at 30/06/2014, unless otherwise stated. Yield definitions are shown above.