

# Royal London UK Government Bond Fund

30 June 2014



## Overview

The fund seeks to achieve a combination of income and capital growth over the medium (5 years) to long (7 years) term.

## Performance 12 Months Ending

	30/06/14	30/06/13	30/06/12	30/06/11	30/06/10
(Class A Inc)	1.15%	-3.06%	14.15%	2.45%	5.64%
(Class M Acc)	1.52%	-	-	-	-
(Class M Inc)	1.52%	-2.66%	-	-	-
(Class Z Inc)	1.65%	-2.57%	14.71%	2.96%	-

## Cumulative Performance to 30/06/2014

	3 months	6 months	1 Year	3 Years	5 Years
(Class A Inc)	1.06%	2.75%	1.15%	11.94%	21.15%
(Class M Acc)	1.15%	2.93%	1.52%	-	-
(Class M Inc)	1.15%	2.93%	1.52%	-	-
(Class Z Inc)	1.18%	2.99%	1.65%	13.60%	-
Sector Average	1.42%	3.52%	1.92%	14.28%	23.87%
Quartile Ranking (Class A )	3	4	3	3	3

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. 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. All yields are net of expenses and gross of taxes.

## Distribution History (Net)

	Jun-14	Dec-13	Jun-13	Dec-12
(Class A Inc)	1.17p	1.15p	1.09p	1.13p
(Class M Inc)	1.35p	1.34p	1.15p	1.30p
(Class Z Inc)	1.19p	1.17p	1.10p	1.14p

## Fund Commentary

The fund performed in line with the peer group in June. The portfolio began the month 0.7 years short duration, underweight five, ten and thirty year bonds. Yields rose early in the month after a hawkish Mansion House speech by Governor of the Bank of England Mark Carney suggested that the market should consider a 2014 rate rise. This led to an underperformance of 5 and 10 year gilts. We used this weakness to reduce some of our short duration in this area. In addition, the 30 year syndication resulted in an underperformance of this area early in the month and we switched 20 and 50 year bonds into 30 year gilts. Having reduced duration when 10 year yields were close to 2.80%, a rally late in the month to 2.60% led us to re-establish a shorter duration stance. The portfolio ended the month 0.9 years shorter than the benchmark.

## Fund Overview

### General Information

Fund Manager:	Craig Inches
Fund size (mid basis)	£394.91m
Fund Type	OEIC
Fund domicile	GBR
ISA	Y
Duration	8.2
Benchmark Duration	8.9
Benchmark:	
FTSE® All Stocks Gilts	

### Share Class A (Income)

Inception date	30/01/1990
Initial charge	4%
Annual mgmt charge	0.75%
Min investment	£1,000
Min monthly contribution	£50
OCF	0.79%
Sedol number	B3Q6WZ1
Mid price	82.33
Distribution yield	3.30
Underlying yield	1.26

### Share Class M (Accumulation)

Inception date	26/11/2012
Initial charge	0.0%
Annual mgmt charge	0.38%
Min investment	£100,000
OCF	0.49%
Sedol number	B881TW5
Mid price	98.24
Distribution yield	3.30
Underlying yield	1.55

### Share Class M (Income)

Inception date	01/05/2012
Initial charge	0.0%
Annual mgmt charge	0.38%
Min investment	£100,000
OCF	0.44%
Sedol number	B7QFPL3
Mid price	96.49
Distribution yield	3.30
Underlying yield	1.62

### Share Class Z (Income)

Inception date	30/04/2010
Annual mgmt charge	0.25%
Min investment	£1,000,000
OCF	0.30%
Sedol number	B63M5F4
Mid price	84.02
Distribution yield	3.30
Underlying yield	1.76

Credit Breakdown		
	Fund (%)	Index*(%)
AAA	0.6	0.0
AA	99.4	100.0
A	0.0	0.0
BBB	0.0	0.0
BB and below	0.0	0.0
Unrated	0.0	0.0

\*FTSE® All Stocks Gilts (RLAM as at 30/06/14)

Asset Split		
	Fund (%)	Index*(%)
Conventional corporate bonds**	1.2	0.0
Index linked corporate bonds	0.0	0.0
Sterling conventional gilts	97.9	100.0
Sterling index linked gilts	0.3	0.0
Foreign conventional sovereign	0.7	0.0
Foreign index linked sovereign	0.0	0.0
Derivatives	0.0	0.0

\*FTSE® All Stocks Gilts (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 (%)
UK Treasury 2.75% 22/01/2015		13.5
UK Treasury 5% 07/03/2018		7.3
UK Treasury 4% 07/03/2022		7.2
UK Treasury 3.75% 07/09/2019		4.7
UK Treasury 1.75% 22/01/2017		4.5
UK Treasury 4.25% 07/03/2036		4.1
UK Treasury 5% 07/09/2014		3.3
UK Treasury 3.75% 07/09/2021		3.3
UK Treasury 1.25% 22/07/2018		3.0
UK Treasury 2% 22/01/2016		3.0
<b>Total</b>		<b>53.9</b>
<b>Total No. of Holdings</b>		<b>44</b>

(RLAM as at 30/06/2014)

Maturity Profile		
	Fund (%)	Index*(%)
0-5 years	40.0	32.1
5-10 years	23.8	23.5
10-15 years	2.9	9.3
15+ years	33.3	35.0

#### 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

#### Contact Details

##### For Private Investors

For enquiries and dealing:  
Tel: 08456 04 04 04

##### Intermediaries

For enquiries:  
Email: BDSupport@rlam.co.uk

##### Head Office

Royal London Asset Management Limited  
55 Gracechurch Street,  
London, EC3V 0UF  
Tel: 020 7506 6500

rlam is a marketing brand which includes the following companies: Royal London Asset Management Limited, authorised and regulated by the Financial Conduct Authority and which provides investment management services, registered in England and Wales number 2244297; Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority and which manages collective investment schemes, registered in England and Wales number 2372439; This company is a subsidiary of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London EC3V 0RL.  
Our ref: 554-PRO-07/2014-DP

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