

Royal London International Government Bond Fund

30 June 2014

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Fund Overview

General Information

Fund Manager:	George Henderson
Fund size (mid basis)	£117.12m
Fund Type	OEIC
Fund domicile	GBR
ISA	Y
Duration	6.0
Benchmark Duration	6.9

Benchmark:
JP Morgan Traded World ex-UK Gov't Bond Index (hedged)

Share Class M (Income)

Annual mgmt charge	0.45%
Min investment	£100,000
OCF	0.51%
Sedol number	B45XHL1
Mid price	105.10
Distribution yield	1.50
Underlying yield	1.00

Overview

The Fund will seek to achieve a combination of income and capital growth over the medium (5 years) to longer (7 years) term.

Performance 12 Months Ending

	30/06/14	30/06/13	30/06/12	30/06/11	30/06/10
(Class M Inc)	4.04%	0.80%	-	-	-

Cumulative Performance to 30/06/2014

	3 months	6 months	1 Year	3 Years	5 Years
(Class M Inc)	1.26%	3.04%	4.04%	-	-
Sector Average	0.53%	2.17%	-0.69%	6.35%	31.90%
Quartile Ranking (Class M)	3	3	2	-	-

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.

Distribution History (Net)

	Jun-14	Dec-13	Jun-13	Dec-12
(Class M Inc)	0.51p	0.59p	0.55p	0.48p

Fund Commentary

The fund began the month with a short duration position. This stance was decreased through purchases of US government bonds over the month, before being partially reversed and a more aggressive short duration position re-established through sales of German bonds. At the end of the period the fund was 0.9 years below that of the benchmark index.

Asset allocation was moderately adjusted over the period. An off-benchmark position in medium dated inflation linked Swedish bonds was sold with the proceeds invested into conventional UK bonds following a period of underperformance by the UK. An off-benchmark position in German inflation linked assets was purchased as they lagged moves in conventional bond markets.

At the end of the period the fund was short duration with underweight exposures to Europe and the US and off-benchmark positions in New Zealand inflation linked bonds and conventional UK bonds.

Credit Breakdown		
	Fund (%)	Index*(%)
AAA	15.6	12.4
AA	76.8	75.5
A	0.0	0.0
BBB	7.6	12.0
BB and below	0.0	0.0
Unrated	0.0	0.0

*JP Morgan Traded World ex-UK Gov't Bond Index (hedged) (RLAM as at 30/06/14)

Asset Split			Largest Geographic Allocations	
	Fund (%)	Index*(%)	Country	Weighting (%)
Sterling conventional gilts	14.6	0.0	United States	36.3
Sterling index linked gilts	0.0	0.0	Japan	22.8
Foreign convt. sovereign	79.4	100.0	United Kingdom	14.6
Foreign index linked sov.	6.1	0.0	Germany	12.0
Derivatives	0.0	0.0	Italy	6.1
			Canada	2.2
			New Zealand	1.8
			Spain	1.5
			Finland	1.4
			France	1.4

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

Top Ten Holdings		Fund (%)
US Treasury Note 1.25% 31/10/2019		9.8
US Treasury 1.375% 31/12/2018		9.1
US T Bill 3.25% 31/05/2016		7.9
UK Treasury 4.5% 07/03/2019		7.8
UK Treasury 2.75% 22/01/2015		5.0
US Treasury 0.25% 15/05/15		4.7
Buoni Poliennali Del Tes 4.75% 01/08/2023		4.0
Japan (govt) 10yr Issue 0.6% 20/09/2023		3.8
Japan (govt) 10 Yr Issue 0.8% 20/12/2022		3.8
Bundesschatzanweisungen 0% 12/12/2014		3.0
Total		58.9
Total No. of Holdings		49
(RLAM as at 30/06/2014)		

Maturity Profile		
	Fund (%)	Index*(%)
0-5 years	54.4	46.3
5-10 years	23.7	29.0
10-15 years	4.5	7.0
15+ years	17.4	17.7

Risk Warnings

The issuers of certain bonds could become unable to make income or capital payments on their bonds. Investing in assets denominated in a currency other than the investors home currency means the value of the investment can be affected by changes in exchange rates. Emerging markets can be more volatile and it may be harder to buy and sell investments in these markets.

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

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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.