

Royal London

Sterling Extra Yield Bond Fund

31st December 2021

Fund objective

The Fund's objective is to achieve a high level of income. The Fund seeks to achieve a gross redemption yield (GRY) of 1.25 times the gross redemption yield of the FTSE Actuaries British Government 15 Year Index.

Year-on-year performance (%)

	31.12.20 to 31.12.21	31.12.19 to 31.12.20	31.12.18 to 31.12.19	31.12.17 to 31.12.18	31.12.16 to 31.12.17
A Inc Share	7.5%	0.9%	8.8%	1.3%	14.3%
A Acc Share	7.5%	0.9%	8.8%	1.4%	14.3%
B Inc Share	6.9%	0.4%	8.3%	0.8%	13.8%
Z Inc Share	7.7%	1.1%	9.1%	1.5%	14.6%
Z Acc Share	7.7%	1.1%	9.1%	1.5%	14.3%
Y Inc Share	7.9%	1.3%	9.3%	1.7%	14.8%

%Cumulative performance (%)

	3 months	6 months	1 year	3 years	5 years	10 years
A Inc Share	0.0%	1.6%	7.5%	17.9%	36.5%	128.9%
A Acc Share	0.0%	1.6%	7.5%	17.9%	36.6%	129.1%
B Inc Share	-0.1%	1.4%	6.9%	16.1%	33.1%	117.8%
Z Inc Share	0.1%	1.8%	7.7%	18.8%	38.3%	133.6%
Z Acc Share	0.1%	1.8%	7.7%	18.8%	37.8%	131.0%
Y Inc Share	0.1%	1.9%	7.9%	19.5%	39.5%	136.7%
IA £ Strategic Bond	-0.2%	0.2%	0.8%	17.3%	20.5%	59.5%
IA £ High Yield Bond	-0.1%	0.7%	4.1%	20.1%	23.2%	74.2%
IA £ Corp Bond	0.1%	-0.4%	-1.9%	15.7%	18.9%	61.6%

Source: RLAM and FE as at 31.12.21. Past performance is not a guide to future performance. Prices of shares and income from them may fall as well as rise and investors may not get back part, or all, of the amount they originally invested. Figures are in sterling terms, mid to mid, net of fees and gross of tax, net income reinvested unless otherwise stated. Investment into all share classes is subject to the manager's discretion. 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.co.uk.

Distribution per share (pence per unit, calculated gross of tax and net of charges)

	30 November 2021	31 August 2021	31 May 2021	28 February 2021
A Inc	1.62	1.55	1.61	1.51
B Inc	1.45	1.38	1.44	1.35
Z Inc	1.52	1.45	1.50	1.41
Y Inc	1.54	1.47	1.51	1.43



Fund overview

General information

Fund size (mid basis)	£1,749.7m
Fund type	ICVC
Fund domicile	Dublin
Fund manager	Eric Holt, Rachid Semaoune
Base currency	GBP
ISA eligible	Yes
Average duration	4.7 yrs

For floating rate assets, duration is calculated to the date on which the coupon is next reset.

Duration is therefore a measure of interest rate risk rather than credit risk. In contrast, the tabulation of assets by maturity shows the period of credit risk exposure to the redemption date.

Share class A Inc

Inception date	11/04/2003
FMF	0.84%
Minimum investment	£100,000
Sedol number	3257148
Price	116.94p
Gross redemption yield	4.23%
Gross income yield	5.02%

Share class A Acc

Inception date	11/06/2018
FMF	0.84%
Minimum investment	£100,000
Sedol number	BD0NCB4
Price	117.88p
Gross redemption yield	4.23%
Gross income yield	5.02%

Share class B Inc

Inception date	11/09/2003
FMF	1.35%
Minimum investment	£1,000
Sedol number	3257159
Price	114.95p
Gross redemption yield	3.72%
Gross income yield	4.50%

Share class Z Inc

Inception date	13/12/2013
FMF	0.58%
Minimum investment	£10,000,000
Sedol number	BG5GTJ6
Price	104.37p
Gross redemption yield	4.50%
Gross income yield	5.28%

Share class Z Acc

Inception date	11/06/2018
FMF	0.58%
Minimum investment	£10,000,000
Sedol number	BD0NCF8
Price	118.90p
Gross redemption yield	4.50%
Gross income yield	5.28%

Share class Y Inc

Inception date	10/02/2014
FMF	0.40%
Minimum investment	£150,000,000
Sedol number	BJBQC36
Price	102.63p
Gross redemption yield	4.70%
Gross income yield	5.46%

Credit Breakdown	Fund (%)
AAA/AA/A	1.3
BBB	22.7
BB or below	41.9
Unrated	34.1
Total	100.0

Maturity Profile	Fund (%)
0-5 years	54.4
5-10 years	21.7
10-15 years	4.0
15+ years	19.9
Total	100.0

Sector breakdown

	Fund (%)
Banks and Financial Services	23.2
General Industrials	20.8
Structured	13.0
Insurance	12.6
Consumer Services	9.2
Real Estate	8.8
Utilities	8.1
Consumer Goods	3.1
Sovereigns	0.9
Telecoms	0.3
Total	100.0

Currency breakdown

	Fund (%)
Sterling	76.7
US Dollar (hedged 9.5%)	12.8
Euro (hedged 4.3%)	7.2
Norwegian Krone	2.7
Swedish Krona	0.6
Canadian Dollar	0.1
Total	100.0

Top ten holdings

	Rating	Weight (%)
Co-operative Group 6.25% 2026	BB	2.7
Electricite de France 5.875% 2029 perpetual	BB	2.3
Santander UK 10.0625% perpetual	BBB	2.3
Centrica 5.25% 2025/2075	BB	2.3
M&G 6.34% 2043/63	BBB	2.3
Santander UK 10.375% preference shares	BB	1.9
Phoenix 5.75% 2028 perpetual	BBB	1.8
Scottish Widows 7% 2043	BBB	1.7
Metrocentre Finance 8.75% 2023	NR	1.7
Heathrow 4¾% 2027	B	1.6
Total		20.6
Total number of holdings		213

Source: RLAM as at 31.12.2021

Portfolio characteristics and holdings are subject to change without notice. This does not constitute an investment recommendation. For information purposes only.

More information on the sustainability factors of our funds can be found on our website at www.rlam.co.uk/intermediaries/policies-and-regulatory/

Gross redemption yield is the rate of discount at which a bond's future obligations of interest and capital payments equates to its current price. The gross redemption yield shown for the fund is the average for its individual holdings, weighted by their current value, net of relevant fund management costs and gross of tax.

Distribution payment dates

28 Feb, 31 May, 31 Aug, 30 Nov

Ex-dividend dates

1 Jan, 1 Apr, 1 Jul, 1 Oct

Contact Details

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Royal London Asset Management is a marketing brand which includes Royal London Asset Management Bond Funds Plc and is an umbrella company with segregated liability between sub-funds, authorised and regulated by the Central Bank of Ireland.

Registered in Ireland number 364259. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland. Figures are subject to rounding and therefore totals may not always equal 100%

Source: RLAM and State Street as at December 2021, unless otherwise stated

Our reference: FS RLAM PD 0020

Key concepts to understand

Bonds Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest.

Derivative A financial instrument whose price is dependent upon or derived from one or more underlying asset.

Efficient Portfolio Management An investment technique that allows the use of derivatives for at least one of the following purposes: to increase the value of the Fund; to protect the value of the Fund or to reduce the risks of certain investments.

Fund Risks

Investment Risk 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.

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.

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 Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.

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.