

Royal London

# Sterling Extra Yield Bond Fund

29 February 2024

## 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. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark.

## Year-on-year performance (%)

	31/12/2022 to 31/12/2023	31/12/2021 to 31/12/2022	31/12/2020 to 31/12/2021	31/12/2019 to 31/12/2020	31/12/2018 to 31/12/2019
A Inc Share	9.37	-5.16	7.45	0.87	8.80
A Acc Share	9.37	-5.17	7.45	0.86	8.80
B Inc Share	8.81	-5.65	6.89	0.35	8.26
Z Inc Share	9.65	-4.92	7.73	1.13	9.06
Z Acc Share	9.65	-4.92	7.73	1.13	9.06
Y Inc Share	9.83	-4.75	7.93	1.31	9.27

## Cumulative performance (%)

	3 months	6 months	1 year	3 years	5 years	10 years
A Inc Share	4.89	7.84	8.46	12.49	22.67	70.85
A Acc Share	4.88	7.84	8.46	12.47	22.67	70.97
B Inc Share	4.75	7.56	7.90	10.75	19.57	62.40
Z Inc Share	4.96	7.98	8.74	13.37	24.27	75.30
Z Acc Share	4.96	7.98	8.73	13.37	24.26	73.44
Y Inc Share	5.00	8.08	8.93	13.98	25.39	78.37
IA £ Strategic Bond	3.08	5.53	5.73	-2.79	9.44	28.22
IA £ High Yield Bond	4.05	6.66	9.52	3.98	16.20	35.17
IA £ Corp Bond	2.51	6.09	6.00	-8.44	2.54	25.30

Source: RLAM and FE as at 29.02.2024. 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.com](http://www.rlam.com).

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

	29 February 2024	30 November 2023	31 August 2023	31 May 2023
A Inc	1.6941	1.9637	1.825	1.803
B Inc	1.5385	1.8032	1.6666	1.6335
Z Inc	1.5666	1.8147	1.6856	1.6634
Y Inc	1.5837	1.8203	1.7003	1.6734



## Fund overview



### General information

Fund size (mid basis)	£1,579.9m
Fund type	ICVC
Fund domicile	Dublin
Fund manager	Eric Holt, Rachid Semaoune
Base currency	GBP
ISA	Eligible
Average duration	3.8 years

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	106.72p
Gross redemption yield	7.61%
Gross income yield	6.90%

### Share class A Acc

Inception date	11/06/2018
FMF	0.84%
Minimum investment	£100,000
Sedol number	BDONCB4
Price	124.8p
Gross redemption yield	7.61%
Gross income yield	6.90%

### Share class B Inc

Inception date	11/09/2003
FMF	1.35%
Minimum investment	£1,000
Sedol number	3257159
Price	104.95p
Gross redemption yield	7.09%
Gross income yield	6.38%

### Share class Z Inc

Inception date	13/12/2013
FMF	0.58%
Minimum investment	£10,000,000
Sedol number	BG5GTJ6
Price	95.22p
Gross redemption yield	7.88%
Gross income yield	7.17%

### Share class Z Acc

Inception date	11/06/2018
FMF	0.58%
Minimum investment	£10,000,000
Sedol number	BDONCF8
Price	126.6p
Gross redemption yield	7.88%
Gross income yield	7.17%

### Share class Y Inc

Inception date	10/02/2014
FMF	0.40%
Minimum investment	£150,000,000
Sedol number	BJBQC36
Price	93.61p
Gross redemption yield	8.06%
Gross income yield	7.35%

## Credit Breakdown

	Fund (%)
AAA,AA,A	0.7
BBB	22.3
BB or below	45.3
Unrated	31.7
<b>Total</b>	<b>100.0</b>

## Maturity Profile

	Fund (%)
0-5 years	42.6
5-10 years	14.0
10-15 years	3.3
15 years +	40.1
<b>Total</b>	<b>100.0</b>

## Sector breakdown

	Fund (%)
Banks & Financial Services	29.3
General Industrials	17.8
Structured	13.5
Insurance	12.1
Consumer Services	9.4
Utility	8.3
Real Estate	6.9
Consumer Goods	2.1
Telecommunications	0.4
Social Housing	0.2
<b>Total</b>	<b>100.0</b>

## Currency breakdown

	Fund (%)
Sterling	78.7
US Dollar (unhedged 3.8%)	13.5
Norwegian Krone (unhedged 2.5%)	3.9
Euro (unhedged 0.6%)	3.7
Swedish Krona (unhedged 0.2%)	0.2
<b>Total</b>	<b>100.0</b>

## Top 10 holdings

	Rating	Fund (%)
ELECTRICITE DE FRANCE 5.88% 2029/perp	B+	2.5
CENTRICA 5.25% 2025/2075	BB+	2.3
CO-OP 7.5% 2026	BB-	2.3
METROCENTRE FINANCE 4.13% 2024	NR	2.0
SANTANDER UK 10.38% perp	BB	2.0
SANTANDER UK 10.06% perp	BBB-	1.9
M&G 6.34% 2043/2063	BBB	1.9
HEATHROW FINANCE 3.88% 2027	B+	1.8
PHOENIX 5.75% 2028/perp	BBB	1.7
ELECTRICITE DE FRANCE 6% 2026/perp	B+	1.6
<b>Total</b>		<b>20.1</b>
<b>Total number of holdings</b>		<b>211</b>

Source: RLAM as at 29.02.2024.

**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.com/uk/intermediaries/policies-and-regulatory/](http://www.rlam.com/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.

The Income yield reflects the annualised income net of expenses of the Fund as a percentage (calculated in accordance with the relevant accounting standards). Both these yields are calculated as a percentage of the mid-price of the Fund as at the date shown and are month end snap shots of the portfolio on that day and do not include any preliminary charges. Investors may be subject to tax on distributions. Reported yields reflect RLAM's current perception of market conventions around timing of bond cash flows

## Distribution payment dates

29 Feb, 30 Nov, 31 Aug, 31 May

## Ex-dividend dates

2 Jan , 2 Oct, 3 Jul, 3 Apr

## Important information

This is a financial promotion and is not investment advice.

The Fund is a sub-fund of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds. Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme under the Financial Services and Markets Act 2000. The Management Company is FundRock Management Company SA, Registered office: 33 rue de Gasperich, L – 5826 Hesperange, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Investment Manager is Royal London Asset Management Limited. 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.com](http://www.rlam.com). Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

## 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** Changes in currency exchange rates may affect the value of your investment.

**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.

## Contact Details

### Private investors

For enquiries and dealing:

Tel: 00353 1853 8797\*

### Intermediaries

For enquiries:

T: Tel: 020 3272 5950\*

E: [BDsupport@rlam.co.uk](mailto:BDsupport@rlam.co.uk)

### Institutional investors

For enquiries:

T: 020 7506 6500\*

E: [Institutional@rlam.co.uk](mailto:Institutional@rlam.co.uk)

\*Telephone calls may be recorded

For further information please see the Privacy Policy at [www.rlam.com](http://www.rlam.com).

### Head office

Royal London Asset Management Limited

80 Fenchurch Street,  
London, EC3M 4BY

T: 020 7506 6500

Issued in March 2024 by Royal London Asset Management Limited, 80 Fenchurch Street, London, EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited

Source: RLAM and State Street as at 29 February 2024, unless otherwise stated.

Our reference: FS RLAM PD 0120