

## Strategy

The fund primarily invests in UK Gilts and investment grade corporate bonds and must be 70% exposed to issuers deemed to maintain high sustainable characteristics. The manager has flexibility to invest in out-of-index strategies as a means of adding performance but adherence to the investment objective remains imperative. The fund is managed according to Fidelity's active philosophy and approach to fixed income investing. This is team-based, but led by the Portfolio Manager to generate attractive risk-adjusted returns through combining multiple, diversified investment positions advised by in-house fundamental credit research, quantitative modelling and specialist traders. The fund's principles-based approach focusses on ESG integration alongside engagement with issuers to help influence more sustainable investment outcomes. The portfolio may also invest in issuers that demonstrate improving sustainable characteristics.

## Objectives & Investment Policy

**Objective:** The fund aims to deliver an income with the potential to increase the value of your investment.

**Investment Policy:** At least 70% of the fund's net assets will be invested in issuers deemed to maintain sustainable characteristics. The fund aims to be proactive in dealing with climate change through engagement with bond issuers. The fund will also adhere to the Fidelity Sustainable Family exclusion policy. The fund will be at least 70% exposed to sterling denominated (or hedged back to sterling) investment grade debt instruments (e.g. bonds with a rating of BBB-/Baa or higher from an internationally recognised rating agency). Issuers with sustainable characteristics are those which the Investment Manager believes have effective governance and management of environmental and social issues. The fund may also obtain exposure to issuers which demonstrate improving sustainable characteristics and may also invest in transferable securities, money market instruments, collective investment schemes, cash and near cash, deposits and derivatives. Such investments will be made to take advantage of investment opportunities consistent with the income and growth objectives of the fund. The fund may also take positions which enable it to benefit from falling asset prices.

**Investment Process:** The fund is actively managed. The Investment Manager identifies suitable opportunities for the fund utilising in-house research and investment capabilities. The Investment Manager will, when selecting investments for the fund and for the purposes of monitoring risk, consider a custom blend of 50% iBoxx Sterling Non-Gilt Index and 50% iBoxx Sterling Gilts Index. The Investment Manager has a wide degree of freedom relative to the index and may invest in issuers, sectors, countries and security types not included in the index in order to take advantage of investment opportunities. This means the fund's investments and therefore performance may vary significantly from the index.

**Derivatives and Techniques:** Derivatives are investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates and used to reduce risk or transaction costs and/or to generate extra income or further increase the value of your investment. The fund may also use derivatives with the aim of achieving the investment objective (but not on any significant basis).

**Additional information:** Income earned by the fund is paid into the fund and reflected by an increase in the value of each share. Shares can usually be bought and sold each business day of the fund. Further information on sustainable stock selection for the fund can be found on the fund factsheet under the Documents section and at [fidelity.co.uk/corporateactions](https://fidelity.co.uk/corporateactions). The fund's performance can be compared to a blended debt instrument index.

## Fund Facts

**Fund launch date:** 03.07.06  
**Portfolio manager:** Ian Fishwick, Kris Atkinson, Shamil Gohil  
**Appointed to fund:** 01.08.07, 01.01.19, 01.03.23  
**Years at Fidelity:** 17, 24, 1  
**Fund size:** £ 426m  
**Fund reference currency:** UK Sterling (GBP)  
**Fund domicile:** United Kingdom  
**Fund legal structure:** OEIC  
**Management company:** FIL Investment Services (UK) Limited  
**Ongoing Charges Figure (OCF) per year:** 0.41% (30.06.23)  
**Annual Management Charge:** 0.35%

## Share Class Risk and Reward Profile



This risk indicator is taken from the key information document at the relevant month-end. Because it may be updated during a month, please refer to the key information document for the most up-to-date information.

- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The fund may invest in instruments denominated in currencies other than the fund base currency. Changes in currency exchange rates can therefore affect the value of your investment.

## Important Information

The value of your investment may fall as well as rise and you may get back less than you originally invested. The use of financial derivative instruments may result in increased gains or losses within the fund. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The investment policy of this fund means it can be more than 35% invested in Government and public securities. These can be issued or guaranteed by other countries and Governments. For a full list please refer to the fund's prospectus. When referring to sustainability - related aspects of the promoted fund, the decision to invest should take into account all characteristics or objectives of the promoted fund as detailed in the Prospectus. Information on sustainability-related aspects is provided pursuant to SFDR at <https://www.fidelity.lu/sfdr-entity-disclosures>.

Past performance does not predict future returns. The fund's returns may increase or decrease as a result of currency fluctuations. The investment which is promoted concerns the acquisition of units or shares in a fund, and not in a given underlying asset owned by the fund.

## Performance Comparator(s)

Market index from 01.12.09

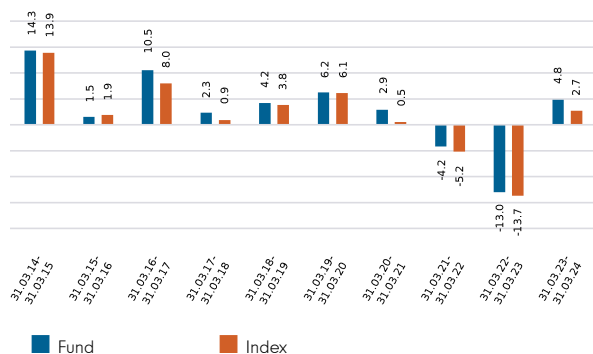
50% IBOXX Sterling Non Gilt Index; 50% iBoxx Sterling Gilts

Market index is for comparative purposes only unless specifically referenced in the Objectives & Investment Policy on page 1. The same index is used in the positioning tables on this factsheet.

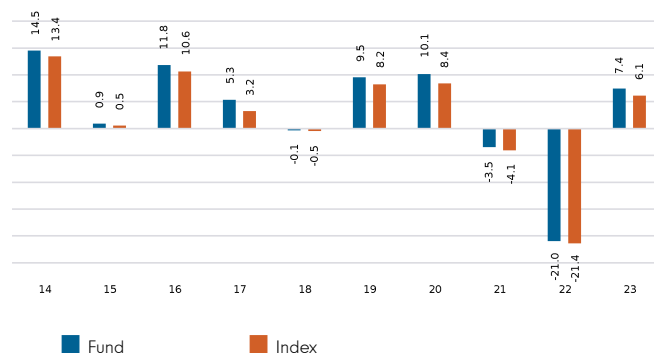
Where the effective date for the current market index is after the share class launch date, full history is available from Fidelity.

## Gross performance

### Performance for 12 month periods in GBP (%)



### Performance for calendar years in GBP (%)



### Performance in GBP (%)

	1mth	3mths	1yr	3yrs (pa)	5yrs (pa)	Since 04.07.06 (pa)
<b>Fund</b>	2.0%	0.4%	4.8%	-4.4%	-0.9%	4.5%
<b>Index</b>	1.7%	-0.9%	2.7%	-5.6%	-2.2%	3.2%

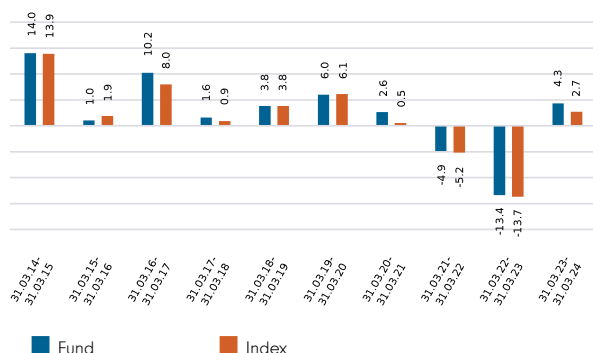
Fund returns are quoted gross of fees with income reinvested, i.e. do not account for the charges shown on page 1 of this factsheet. Fund returns will be lower due to the application of charges. Data for 3 years, 5 years and Since launch is annualised.

The official valuation point for the fund is 12.00 noon UK time. However, the fund is revalued each month-end using closing prices for all securities so that fund performance is consistent with the valuation point used in the calculation of the index performance.

The performance figures above include performance prior to the repurpose of the fund on 4 November 2021 from the legacy Fidelity Institutional Funds - UK Aggregate Bond Fund. Before this date the performance was achieved in circumstances that no longer apply.

## Net performance

### Performance for 12 month periods in GBP (%)



Basis: bid-bid with income reinvested, in GBP, net of fees.

Source of fund performance is Fidelity. Performance is excluding initial charge. Market indices are sourced from RIMES.

## Introduction

This factsheet contains information about the composition of the fund at a particular point in time. It aims to help you understand how the manager has positioned the fund to meet its objectives. Each table shows a different breakdown of the fund's investments. The index used in the positioning tables is the index defined in the Performance Comparator(s) section on page 2 of this factsheet.

## Portfolio Characteristics

	Fund	Index	Relative
Distribution Yield (%)	3.2	-	-
Effective Duration	7.4	7.6	-0.2
Running Yield (%)	3.9	3.5	0.4
Yield to Maturity (%)	4.7	4.6	0.1
Average Maturity (years)	13.6	11.1	2.5
Average Coupon (%)	4.2	3.9	0.3
Spread Duration	2.0	2.9	-0.9
Option Adjusted Spread (Basis Points)	95	48	47
Duration Times Spread (DTS)	116	291	-176
Number of Holdings	132	-	-
Number of Names	73	-	-
Average Credit Rating (Exponential)	BBB+	AAA	n / a
Average Credit Rating (Linear)	A+	AAA	n / a

Definitions of these characteristics can be found in the Glossary section of this factsheet.

## Derivatives Exposure

	Long %	Short %	Net %	Gross %
Bond / Interest Rate Futures	19.18	-7.14	12.05	26.32
Interest Rate Swaps	9.24	-16.73	-7.50	25.97
Inflation Indexed Swaps	0.00	0.00	0.00	0.00
Credit Default Swaps	0.00	0.00	0.00	0.00
Index Credit Default Swaps	0.00	-5.41	-5.41	5.41
Mortgage To Be Announced	0.00	0.00	0.00	0.00
<b>TOTAL</b>				<b>57.70</b>

Exposure as a percent of total net assets. Excludes FX forwards.

## Asset Allocation

	Security Holdings (excl. Derivatives)			Contribution to Duration (incl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Treasury	50.25	49.98	0.27	5.4	4.7	0.6	3	-2	5
Index Linked	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Investment Grade - Sovs Supras & Agencies	0.81	13.49	-12.69	0.1	0.6	-0.5	10	24	-13
Investment Grade - Financials	24.12	18.64	5.48	1.2	1.0	0.1	262	127	135
Investment Grade - Non-Financials	6.22	16.01	-9.80	0.5	1.2	-0.6	98	128	-29
Investment Grade - ABS	5.87	1.44	4.42	0.2	0.1	0.1	45	12	33
Investment Grade - Emerging Markets	2.59	0.39	2.20	0.1	0.0	0.1	24	2	22
High Yield	2.67	0.04	2.63	0.0	0.0	0.0	-25	0	-25
Index Credit Default Swaps	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Other	0.46	0.00	0.46	0.0	0.0	0.0	0	0	0
Interest Rate Derivatives	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
FX / Derivative P&L	0.23	0.00	0.23	0.0	0.0	0.0	-303	0	-303
Cash	6.78	0.00	6.78	0.0	0.0	0.0	0	0	0
Rounding adjustment	0.00	0.01	-	-0.1	0.0	0.0	2	0	-1
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>7.4</b>	<b>7.6</b>	<b>-0.2</b>	<b>116</b>	<b>291</b>	<b>-176</b>

Security Holdings as a percent of total net assets. Contribution to duration (CTD) and contribution to duration-times-spread (DTS) are in the appropriate units of measure. CTD and DTS include the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). 'Index linked' includes non-government index linked bonds.

## Sector Positioning

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
Treasury	50.25	49.98	0.27	3	-2	5
Quasi / Sov / Supra / Agncy	0.81	13.68	-12.88	10	25	-14
Agency Mortgages	0.00	0.00	0.00	0	0	0
Banks & Brokers	8.25	10.84	-2.58	60	57	3
Insurance	11.95	2.73	9.22	175	24	151
Property	1.87	1.40	0.46	12	11	1
Other Financials	4.41	3.08	1.33	56	35	22
Basic Industry	0.00	0.18	-0.18	0	1	-1
Capital Goods	0.27	0.47	-0.20	1	2	-1
Consumer Cyclical	0.72	2.44	-1.72	4	11	-6
Consumer Non Cyclical	0.32	2.04	-1.72	2	10	-8
Energy	0.00	0.53	-0.53	0	3	-3
Transportation	0.57	1.50	-0.93	7	11	-4
Technology	0.31	0.36	-0.06	1	2	-1
Communications	0.67	2.35	-1.69	3	20	-17
Industrial Other	0.36	0.25	0.10	5	2	3
Utility	3.94	6.11	-2.18	79	67	12
Covered	1.07	0.64	0.43	1	1	0
Non Agency	3.27	0.58	2.69	39	5	34
ABS / MBS	3.96	0.83	3.13	33	6	27
Unclassified	0.00	0.00	0.00	0	0	0
Index Credit Default Swaps	0.00	0.00	0.00	-74	0	-74
Interest Rate Derivatives	0.00	0.00	0.00	0	0	0
FX / Derivative P&L	0.23	0.00	0.23	-303	0	-303
Cash	6.78	0.00	6.78	0	0	0
Rounding adjustment	-0.01	0.01	-	2	0	-2
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>116</b>	<b>291</b>	<b>-176</b>

Security Holdings as a percent of total net assets. Contribution to duration-times-spread (DTS) in the appropriate unit of measure. DTS includes the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance).

## Financial Sector Exposure By Capital Structure

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
Govt Guaranteed	0.00	0.01	-0.01	0	0	0
Covered	1.07	0.64	0.43	1	1	0
Senior	13.61	13.09	0.52	103	79	24
Tier 2	0.92	2.19	-1.26	9	18	-8
Tier 2 CoCo	0.00	0.00	0.00	0	0	0
Tier 1	0.00	0.00	0.00	0	0	0
Additional Tier 1	0.22	0.06	0.15	1	0	0
Insurance Corp Hybrids	7.64	1.14	6.49	133	13	120
Other	2.46	0.47	2.00	48	7	41
<b>Total</b>	<b>25.92</b>	<b>17.60</b>		<b>295</b>	<b>118</b>	<b>177</b>

Security Holdings as a percent of total net assets. Contribution to duration-times-spread (DTS) in the appropriate unit of measure. DTS includes the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). The Financials sector includes the following sub-sectors: Banks & Brokers, Insurance & Covered.

## Duration Breakdown (By Currency)

	Fund			Index	Relative
	Nominal	Real	TOTAL		
GBP	7.73	0.00	7.73	7.63	0.10
SEK	0.10	0.00	0.10	0.00	0.10
EUR	0.07	0.00	0.07	0.00	0.07
CHF	-0.20	0.00	-0.20	0.00	-0.20
JPY	-0.23	0.00	-0.23	0.00	-0.23
Other	-0.04	0.00	-0.04	0.00	-0.04
<b>TOTAL</b>	<b>7.43</b>	<b>0.00</b>	<b>7.43</b>	<b>7.63</b>	<b>-0.20</b>

Duration includes the effect of interest rate derivatives such as government bond futures, inflation swaps and interest rate swaps. Nominal Fund refers to the sensitivity to nominal yields, whereas Real Fund refers to the sensitivity to inflation-linked / real yields.

## Credit Rating

	Security Holdings (excl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative
AAA/Aaa	2.81	10.56	-7.75	12	11	1
AA/Aa	54.87	56.32	-1.45	-256	18	-275
A	8.53	14.62	-6.09	73	90	-17
BBB/Baa	23.64	18.46	5.18	309	172	137
BB/Ba	1.41	0.04	1.37	-55	0	-55
B	0.63	0.00	0.63	3	0	3
CCC and Below	0.64	0.00	0.64	27	0	27
Not Rated	0.46	0.00	0.46	3	0	3
Interest Rate Derivatives	0.00	0.00	0.00	0	0	0
FX / Derivative P&L	0.23	0.00	0.23	0	0	0
Cash	6.78	0.00	6.78	0	0	0
Rounding adjustment	0.00	0.00	-	0	0	0
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>116</b>	<b>291</b>	<b>-176</b>

Exposure as a percent of total net assets and contribution to duration-times-spread (DTS). 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance). DTS includes the effect of derivatives. For ratings breakdown, worst of the two best ratings from across S&P, Moody's and Fitch is applied (commonly known as the Basel method).

## Maturity Profile (Contribution to Duration)

	Fund	Index	Relative
0 to 1 years	1.1	0.0	1.1
1 to 3 years	0.1	0.4	-0.3
3 to 5 years	0.6	0.7	0.0
5 to 10 years	0.9	1.4	-0.5
10 to 15 years	0.2	1.1	-0.9
15 to 20 years	0.7	1.1	-0.4
20 to 25 years	1.2	0.7	0.4
25 to 30 years	1.1	0.9	0.2
30 to 40 years	1.1	0.9	0.2
40 + years	0.5	0.5	0.0
Rounding adjustment	-0.1	-0.1	-0.0
<b>TOTAL</b>	<b>7.4</b>	<b>7.6</b>	<b>-0.2</b>

Includes the effect of interest rate derivatives such as government bond futures, inflation swaps and interest rate swaps.

## Currency Exposure

	Before Hedging	After Hedging	Index
GBP	89.89	99.99	100.00
USD	7.04	-0.02	0.00
EUR	3.15	0.16	0.00
SEK	0.01	0.01	0.00
JPY	-0.01	-0.01	0.00
Other	-0.09	-0.14	0.00
Rounding adjustment	0.01	0.01	0.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

This table shows the currency exposure and hedging of the fund's investments.

The "After Hedging" column shows the currency exposure relevant to the investor.

## Regional Exposure - Domicile Of Issuer

	Security Holdings (excl. Derivatives)			Contribution to Duration (incl. Derivatives)			Contribution to Duration Times Spread (incl. Derivatives)		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Multinational	0.00	5.81	-5.81	0.0	0.2	-0.2	0	5	-5
United States (& Other Amer.)	2.52	6.31	-3.79	0.1	0.4	-0.2	-58	34	-92
Canada	0.00	1.17	-1.17	0.0	0.0	0.0	0	2	-2
United Kingdom (& Ire.)	76.41	71.18	5.22	6.7	6.3	0.5	337	174	163
France	3.69	4.16	-0.47	0.2	0.2	0.0	33	28	4
Germany (& Aust.)	2.01	4.50	-2.50	0.0	0.2	-0.1	25	12	13
Benelux	1.58	1.61	-0.03	0.0	0.1	0.0	8	6	1
Scandinavia	0.69	1.78	-1.09	0.0	0.1	0.0	4	7	-3
Mediterranean	0.00	1.31	-1.31	0.0	0.1	-0.1	0	8	-8
Switzerland	2.07	0.54	1.53	0.1	0.0	0.1	26	3	23
Other Europe	0.00	0.11	-0.11	0.0	0.0	0.0	0	1	-1
Japan	0.00	0.33	-0.33	0.0	0.0	0.0	0	1	-1
Australia & N.Z.	0.59	0.61	-0.02	0.0	0.0	0.0	3	3	0
Asia ex Japan ex Aus.	0.67	0.13	0.54	0.0	0.0	0.0	3	1	2
C.I.S / Eastern Europe	0.94	0.02	0.91	0.0	0.0	0.0	21	0	20
Latin America	1.82	0.26	1.56	0.1	0.0	0.1	18	4	14
Middle East / N Africa	0.00	0.14	-0.14	0.0	0.0	0.0	0	1	-1
Sub-Saharan Africa	0.00	0.02	-0.02	0.0	0.0	0.0	0	0	0
Other	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Unclassified	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
FX / Derivative P&L	0.23	0.00	0.23	0.0	0.0	0.0	-303	0	-303
Index Credit Default Swaps	0.00	0.00	0.00	0.0	0.0	0.0	0	0	0
Cash	6.78	0.00	6.78	0.0	0.0	0.0	0	0	0
Rounding adjustment	0.00	0.01	-	0.2	0.0	-0.3	-1	1	0
Total	100.00	100.00	-	7.4	7.6	-0.2	116	291	-176

Security Holdings as a percent of total net assets. Contribution to duration (CTD) and contribution to duration-times-spread (DTS) are in the appropriate units of measure. CTD and DTS include the effect of derivatives. 'FX / Derivative P&L' includes collateral balances with counterparties arising from derivatives used in the fund (this can lead to a negative balance).

## Top 10 Long Exposures By Issuer

	Fund	Index	Relative
(UKT) United Kingdom Of Great Britain	50.25	49.96	0.29
(AABOND) Aa Bond Co Ltd	2.08	0.16	1.93
(ZURNVX) Zurich Finance Ireland	2.00	0.08	1.91
(RLMI) RI Finance Bonds No6	1.86	0.08	1.78
(THAMES) THAMES WTR FIN 7.125% 4/31 RGS	1.77	0.39	1.38
(PBBGR) Deut Pfandbriefbank Ag	1.75	0.03	1.72
(YBS) Yorkshire Building Soc	1.67	0.16	1.51
(BPPEHX) Blackstone Pp Eur Hold	1.58	0.06	1.52
(BNP) Bnp Paribas	1.42	0.52	0.90
(AXASA) Axa Sa	1.32	0.00	1.32

Top long exposures are those bond issuers that reflect the largest percentage of the fund's total net assets. The effect of credit derivatives is included where the reference entity is a specific bond issuer. Government bond futures and index credit default swaps are excluded.

Where bonds are issued by different entities within the same corporate group/complex, the aggregated exposure may not be reflected in the data above.

## Top Overweights By Issuer

	Fund	Index	Relative
(AABOND) Aa Bond Co Ltd	2.08	0.16	1.93
(ZURNVX) Zurich Finance Ireland	2.00	0.08	1.91
(RLMI) RI Finance Bonds No6	1.86	0.08	1.78
(PBBGR) Deut Pfandbriefbank Ag	1.75	0.03	1.72
(BPPEHX) Blackstone Pp Eur Hold	1.58	0.06	1.52
(YBS) Yorkshire Building Soc	1.67	0.16	1.51
(THAMES) THAMES WTR FIN 7.125% 4/31 RGS	1.77	0.39	1.38
(AXASA) Axa Sa	1.32	0.00	1.32
(ATHORA) Athora Holding Ltd	1.25	0.00	1.25
(ROTHLF) Rothesay Life	1.12	0.11	1.01

Top overweights and underweights are those bond issuers that have the largest active positions relative to the index holding. The effect of credit derivatives is included where the reference entity is a specific bond issuer. Government bond futures and index credit default swaps are excluded.

## Top Underweights By Issuer

	Fund	Index	Relative
(KFW) Kfw	0.00	2.22	-2.22
(EIB) European Investment Bank	0.00	1.99	-1.99
(HSBC) Hsbc Holdings Plc	0.00	0.94	-0.94
(IBRD) World Bank Group/The	0.00	0.90	-0.90
(BACR) Barclays Plc	0.00	0.71	-0.71
(ASIA) Asian Development Bank	0.00	0.69	-0.69
(EDF) Electricite De France Sa	0.00	0.68	-0.68
(NWG) Royal Bk ScotInd Grp Plc	0.00	0.55	-0.55
(IADB) Korea Gas Corp	0.00	0.54	-0.54
(T_) At&T Inc	0.00	0.50	-0.50

## Glossary

### Ongoing charges

The ongoing charges figure represents the charges taken from the fund over a year. It is calculated at the fund's financial year end and may vary from year to year. For classes of funds with fixed ongoing charges, this may not vary from year to year. For new classes of funds or classes undergoing corporate actions (eg amendment to annual management charge), the ongoing charges figure is estimated until the criteria are met for an actual ongoing charges figure to be published.

The types of charges included in the ongoing charges figure are management fees, administration fees, custodian and depositary fees and transaction charges, shareholder reporting costs, regulatory registration fees, Directors fees (where applicable) and bank charges.

It excludes: performance fees (where applicable); portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

For more information about charges (including details of the fund's financial year end), please consult the charges section in the most recent Prospectus.

### Portfolio Characteristics

#### Distribution Yield (%)

The Distribution Yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of the mid-market unit price of the fund as at the date shown and is based on a snapshot of the portfolio on that day. It includes the fund's ongoing charges but does not include any preliminary charge and investors may be subject to tax on distributions.

#### Effective Duration

Duration is a measure of sensitivity of the fund value to changes in interest rates.

Effective duration is a duration calculation for bonds with embedded options (such as a call or a put option). It takes into account that expected cash flows will fluctuate as interest rates change and affect a bond's price.

The effective duration of a fund is calculated by a market weighted sum of the effective duration of each individual instrument. The effect of derivatives such as bond futures and interest rate swaps are included in the calculation.

#### Running Yield (%)

Describes the income investors get from their portfolio as a percentage of market value of the securities, incorporating the effect of derivatives. It should not be relied on as a measure of expected fund return (or distribution). Bonds with high probability of default are excluded from the calculation. The running yield does not reflect the total return over the life of the bond and takes no account of reinvestment risk (the uncertainty about the rate at which future cash flows can be reinvested) or the fact that bonds usually mature at par value, which can be an important component of a bond's return. The running yield does not include the impact of fees.

#### Yield to Maturity (%)

The Yield to Maturity (also known as the Redemption Yield) is the aggregate of all anticipated returns on each individual bond within the portfolio expressed as an annual rate based on market value as at date shown, coupon rate and time to maturity of each bond. It is based on a snapshot of the portfolio on that date. The redemption yield is gross of the fund's charges and gross of tax.

#### Average Maturity (Years)

The market-weighted average maturity of bonds held in the portfolio. Perpetual bonds are assigned a maturity of 31 December 2049. Derivatives are excluded from the calculation.

#### Average Coupon (%)

The coupon is the interest rate stated on a bond when it is issued. Average Coupon is the weighted average coupon of bonds held in the portfolio. Derivatives are excluded from the calculation.

#### Spread Duration

The sensitivity of the price of a bond to a change in its Option Adjusted Spread.

#### Option Adjusted Spread (Basis Points)

Option Adjusted Spread (OAS) measures the yield spread that is not directly attributable to the bond's characteristics. OAS is a measurement tool for evaluating price differences between similar bonds with different embedded options. A larger OAS implies a greater return for greater risks.

#### Duration Times Spread (DTS)

DTS is a measure of credit risk sensitivity that utilises credit spread and credit spread duration based on current market valuations. It is superior to spread duration as a standalone measure of credit risk because it recognises that securities with a higher spread tend to experience greater spread changes. The portfolio's DTS is the value weighted sum of the DTS of each individual instrument.

#### Number of Holdings

The number of bonds and derivatives held in the fund. Where the fund invests in another fund, it is counted as one holding. FX (foreign exchange) forwards are excluded. These are forward contracts that allow currency to be bought or sold at an agreed price on a future date.

#### Number of Names

The total number of individual issuers whose bonds are held in the fund. Since the fund will often hold more than one bond from an issuer, this figure is generally lower than the number of holdings.

#### Average Credit Rating

This is the weighted average of all the bond credit ratings in the fund, expressed using the industry standard letter system (ie AAA, BBB). It takes into account all investments in the fund, including derivatives. This measure gives an idea of how risky the fund's bonds are overall: the lower the average credit rating, the riskier the fund.

With a Linear weighted average, the weight assigned to each issue is equal to its market value weight. With an Exponential weighted average, the weight gets proportionally higher for lower-quality credit. In both calculations, the final value is the S&P-equivalent rating nearest to the calculated average.

**Primary share class:** is identified by Morningstar when the analysis calls for only one share class per fund to be in the peer group. It is the share class Morningstar recommends as the best proxy for the portfolio for the relevant market and category/GIF combination. In most cases the share class chosen will be the most retail version (based upon actual management charge, inception date, distribution status, currency and other factors) unless a share class that is less retailed focused has a much longer track record. It is different to the oldest share class data point in that it is on an available for sale level and not all markets will have the oldest share class for sale in that region. The Primary share class is also based on category so each available for sale/category combination for the fund will have its own primary share class.

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