

ROYAL LONDON GLOBAL HIGH YIELD FIVE YEARS ON

In February 2013 RLAM expanded its high yield capabilities with the launch of two global offerings – the **Royal London Global High Yield Bond Fund** and the **Royal London Short Duration Global High Yield Bond Fund**. In response to the continuing demand for income in a low interest rate environment, the Funds were designed with characteristics to benefit our clients’ pension schemes. They were created to offer significant diversification, helping to reduce volatility at the total portfolio level while achieving capital growth and income.

A consistent approach

Since inception the philosophy and processes of the funds have remained unchanged. Identifying pockets where inefficiencies exist and performing in-depth credit and liquidity analysis are still the core strategies that are employed today, all whilst focusing on the lowest volatility return trajectory. From inception, the funds have been globally focused by design as the best opportunities are identified by using our experience of investing in global high yield markets, and not just specific geographical regions.

Steadfast management in uncertain times

Over the past five years, the funds have navigated a number of disruptive macro events. These include, but are not limited to, the Taper Tantrum in 2013 in which the US Federal Reserve reduced the money it was feeding into the economy, the oil price sell-off beginning in 2014, the Greek EU crisis in 2015, the Brexit referendum and political shocks in 2016, and the commencement of interest rate normalisation in the US in 2017. Credit markets have also experienced their own specific issues, with notable incidents involving Abengoa, Valeant and Glencore. Each of these market

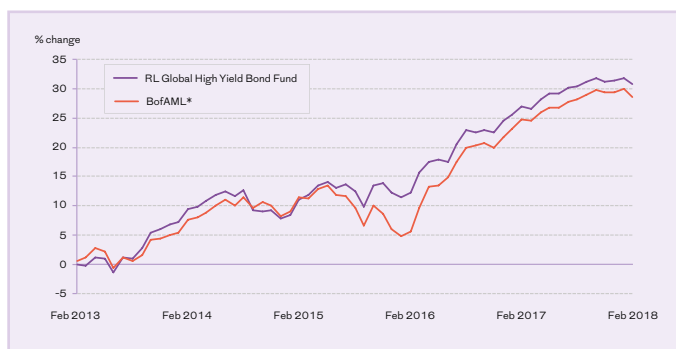
events has reinforced the need for thorough fundamental credit analysis.

Over this period, as a result of a disciplined adherence to our philosophy and processes, the RLAM high yield funds have excelled. The Global High Yield Bond Fund has outperformed its benchmark, experienced much lower drawdowns and exhibited lower volatility[†]. The Short Duration Global High Yield Bond Fund has outperformed its absolute return target with limited drawdowns and minimal volatility[†].

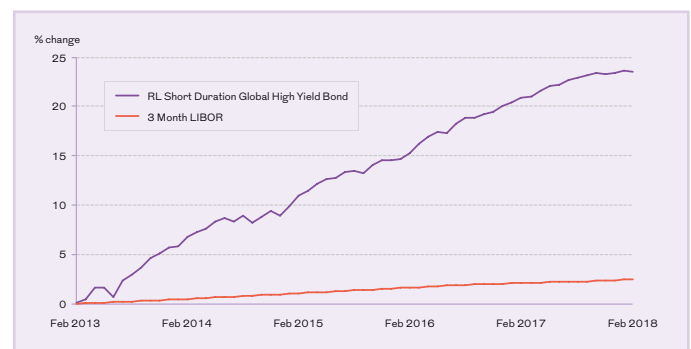
What does the future hold for Global High Yield?

We believe that underlying government interest rates are on a path to normalisation after years of accommodative central bank policies, which poses a challenge for longer duration assets. We believe high yield default rates are set to remain moderate, although there are areas of concern within the market, which will need to be avoided. At current levels there is a low likelihood of a significant broad based tightening in credit spreads. As a result, we maintain that outperformance in the near term will be from successful credit selection.

Five year fund performance – RL Global High Yield Bond Fund



Five year fund performance – RL Short Duration Global High Yield Bond Fund



	1 Yr Ann	3 Yr Ann	5 Yr Ann
RL Global High Yield Bond Fund	3.12%	5.60%	5.52%
BofAML*	3.09%	4.86%	5.06%
RL Short Duration Global High Yield Bond Fund	2.21%	3.64%	4.29%
3 Month LIBOR	0.38%	0.47%	0.50%

Source: RLAM, gross of fees and tax as at 28.02.18. Based on Z Inc Share Classes. *BofAML BB-B Global Non-Financial High-Yield Constrained, 100% hedged to GBP.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested. The impact of fees and tax, where applicable, can be material on the performance of your investment.



We have invested in over
400
separate companies

ACTIVITY & GROWTH

- Assets under management have increased by almost **12 times**
- The funds have been an investment for over **390** clients



EXPERTISE & PERFORMANCE

- The funds are co-managed by Azhar Hussain and Stephen Tapley with **28 years** of combined experience
- Global High Yield Fund: maximum peak-to-trough decline (drawdown) was **3% less** than the broader market[†]
- Short Duration Global High Yield Fund: **Half** the number of negative months as compared with the broader Global High Yield market and less than a **third** of the volatility[†]

68
years of
experience across
6
team members

Winner of
4
industry
awards

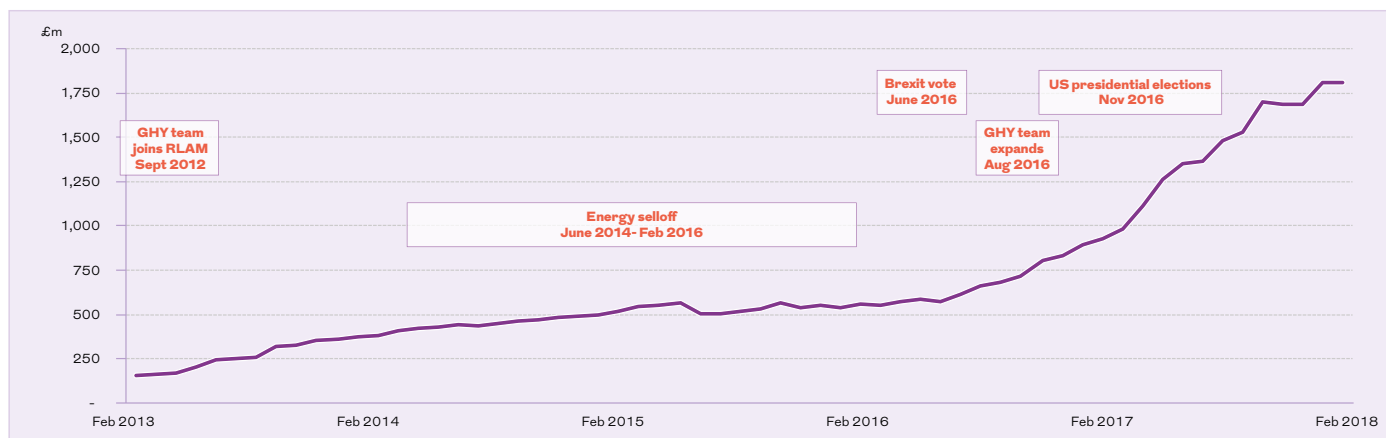
AWARDS



INVESTMENT
WEEK
SPECIALIST INVESTMENT
AWARDS 2017
WINNER
Short Duration Bond



£1,805 million Global High Yield assets under management



Source: RLAM at 28 February 2018. Total AUM includes RL Global High Bond Fund and RL Short Duration Global High Yield Bond Fund.

Contact us

For more information about our range of products and services, please contact us.

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[†]Source: RLAM as at 28 February 2018. The views expressed are those of the author at the date of publication unless otherwise indicated, which are subject to change, and is not investment advice. Sub-investment grade bonds have characteristics which may result in a higher probability of default than investment grade bonds and therefore a higher risk.

For more information concerning the risks of investing, please refer to the Prospectus and Key Investor Information Document (KIID), which are legal documents that must be read before investing and are available for free in English at www.rlam.co.uk Issued by Royal London Asset Management Limited April 2018. Registered in England and Wales number 2244297.