

High Yield investing at RLAM

We use a common credit investment philosophy across RLAM that aims to take advantage of inefficiencies within credit markets. We believe these inefficiencies arise by the market being constrained by the benchmark orientation of many investors, their over-reliance on credit ratings and the mispricing of liquidity.

We believe identifying pockets where these inefficiencies exist and using in-depth credit and liquidity analysis, provides the greatest opportunities for outperformance and for investors to earn a disproportionate level of income for the risk and level of volatility they are bearing. We seek to build benchmark aware and not benchmark driven portfolios, with multiple potential sources of alpha.

Investment Philosophy

The high yield market is global in nature, with the larger, more liquid US, diverse European and rapidly growing emerging markets all offering different features. We believe that a genuinely global approach offers both greater diversification potential and more opportunities to find attractive bonds. We look at all areas of the high yield market in seeking multiple potential drivers of return.

We target reduced default risk and volatility in the funds via our focus on the reporting transparency of the companies we invest into, and with our bias towards larger more liquid issue sizes. We avoid business models which we believe are unforecastable.

Our core disciplines result in a differentiated strategy



Globally focused

Focus on best opportunities across high yield



Nimble & experienced

Experienced co-located investors allow for efficient decision making



Selective yet liquid

Discerning stock selection while maintaining liquidity. Index aware



Risk over uncertainty

Focus on quantifiable risk not unpredictable uncertainty



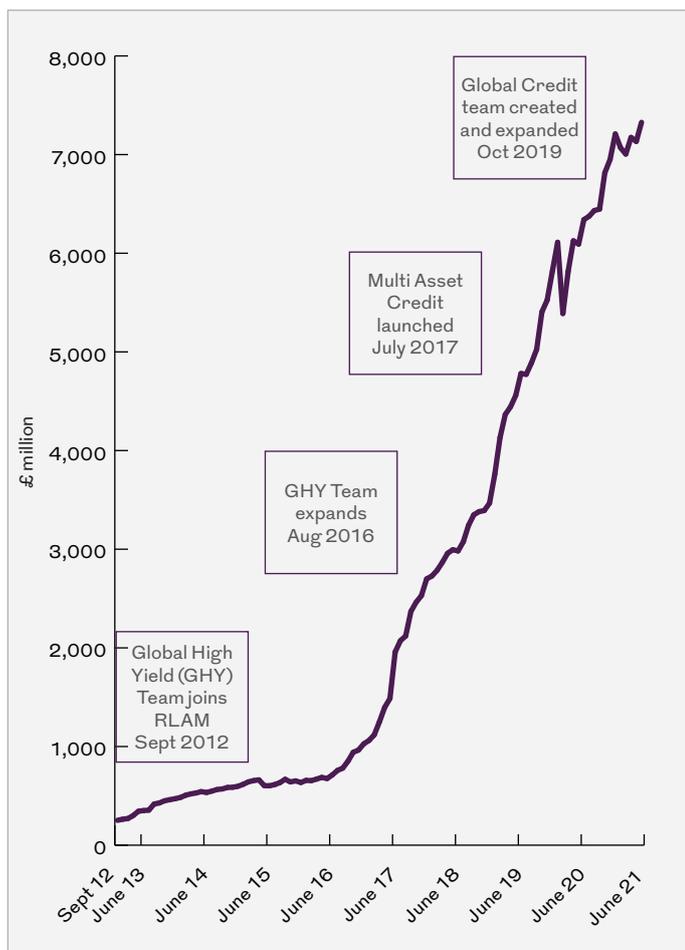
Volatility management

Target lower volatility than the high yield market

The team

RLAM has a highly skilled, experienced Global Credit team that has formed an enviable reputation. The team has expanded as we've developed new products and our assets under management (AUM) have grown over time. We have steered our portfolios through changing economic conditions and business cycles. We believe that the most effective way of implementing our investment philosophy is by experienced managers undertaking the right type of analysis, operating with the right team structure that supports a collegiate approach.

Global Credit –AUM



Source: RLAM as at 30 June 2021

Biographies



Azhar Hussain
Head of Global Credit
Years at RLAM: 9 years
Years in high yield (HY): 20 years



Sebastien Poulin
Head of Global Credit Research
Years at RLAM: 5 years
Years in HY: 16 years



Stephen Tapley, CFA
Senior Fund Manager
Years at RLAM: 9 years
Years in HY: 14 years



Tom Elliott
Credit Analyst
Years at RLAM: 5 years
Years in HY: 6 years



Khuram Sharif
Senior Fund Manager
Years at RLAM: 5 years
Years in HY: 22 years



Gary Ewen, CFA
Credit Analyst
Years at RLAM: 5 years
Years in HY: 4 years



Dilawer Farazi
Senior Fund Manager
Years at RLAM: 1 year
Years in HY: 16 years



Alex Robertson
Credit Analyst
Years at RLAM: 13 years
Years in HY: 2 years



Sunil Patel, CFA
Senior Credit Analyst
Years at RLAM: 2 year
Years in HY: 12 years



Mounia Chaoui Roquai
Credit Analyst
Years at RLAM: 2 year
Years in HY: 3 years

Investment Process

RLAM's high yield bond funds are managed using a combination of top-down analysis, based on our macroeconomic views overlaid with bottom-up security selection. At the macro level, the process starts with a quarterly economic review assessing all major economic regions, focusing upon key variables such as growth

rates and inflation. This meeting is also used to formulate our outlook scenarios, including short-term, medium-term and long-term yield expectations, as well as interest rate and default forecasts, all of which underpin our investment strategy. A monthly meeting is held to assess ongoing trends in the market, while the holdings are monitored on a daily basis.

These meetings feed into our assessment of the credit cycle, which helps the team to determine the balance of major risks and helps drive tactical positioning. It also helps direct the most important step in our investment process, stock selection, where we focus on individual companies and issuers to identify the strongest credit investments.

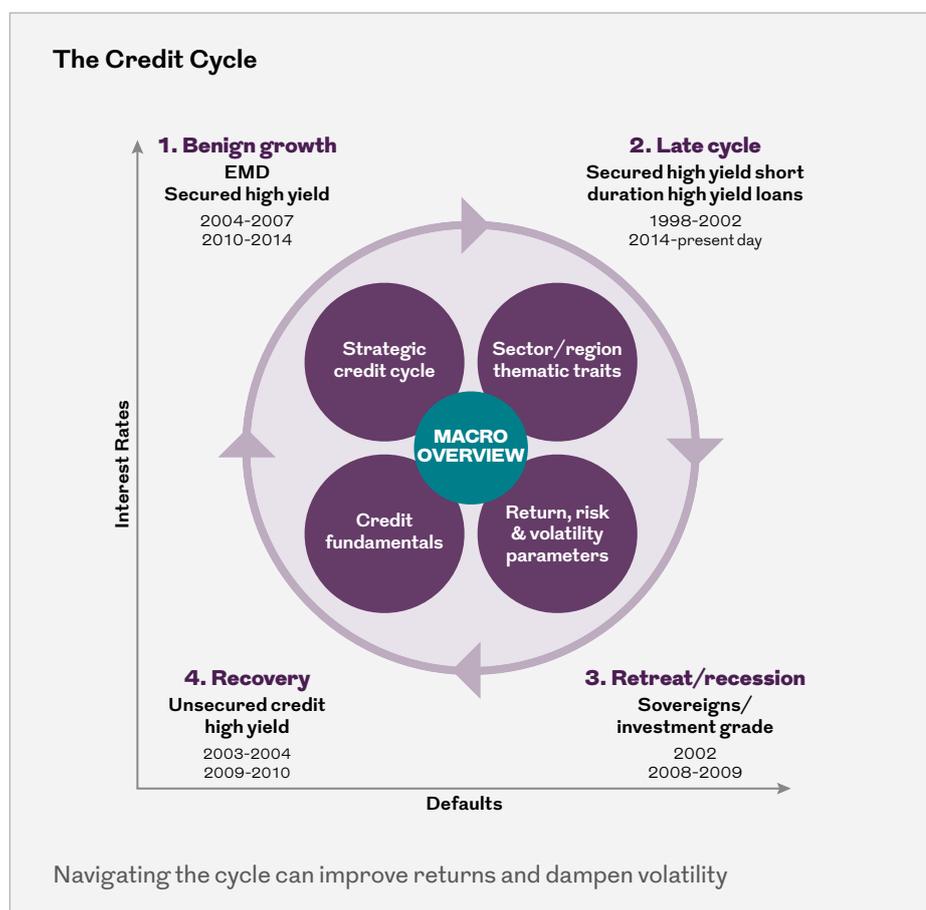
Why RLAM for High Yield?

Firstly, the RLAM funds, RL Short Duration Global High Yield Bond and RL Global High Yield Bond are global by design. The funds are truly global in outlook as the investment managers' backgrounds have involved investing in all three strands of US, emerging markets and European high yield.

Secondly, our global credit strategies aim to take the best attributes of three jurisdictions (the US, emerging markets and Europe) but without legacy biases. Through experience, running dedicated funds in any of these jurisdictions results in having to hold positions that often you would not choose to own.

Thirdly, we have a well-established philosophy and process, applied to funds of significant scale. These funds are managed by highly experienced investment professionals, with a high level of team consistency and stability over time.

Our approach is to be benchmark aware and not benchmark driven. This lets us build conviction portfolios that aim to deliver consistent alpha from multiple sources. Investing in this way can insulate the funds from much of the market volatility often witnessed in the global credit market.



Fund facts

RL Short Duration Global High Yield Bond Fund

- Invests primarily in short dated high yield bonds on a global basis.
- The fund may invest in short maturity investment grade securities.
- A defensive, liquidity focused high yield bond fund.

Target benchmark	Bank of England Sterling Overnight Index Average
Sector	IA Sterling High Yield
Typical duration	Less than 2 years
Launch date	15 February 2013 (Z Inc)
Fund managers	Azhar Hussain Stephen Tapley

RL Global High Yield Bond Fund

- Invests predominantly in sub-investment grade bonds issued by companies domiciled in the UK, Europe, Africa, Asia and the Americas.
- A diversified portfolio with the aim of mitigating stock specific risk.
- A value focused, research-based investment approach.
- Seeks to outperform its benchmark by 1% per annum over rolling 3-year periods*.

Sector	IA Sterling High Yield
Typical duration	3-5 years
Launch date	15 February 2013 (Z Inc)
Fund managers	Azhar Hussain Stephen Tapley

*Benchmark is BoAML BB-B Global Non-Financial High Yield Constrained Index, 100% hedged to GBP sterling. This is not guaranteed

The value of investments and the income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Contact us

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

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For more information concerning 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. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

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