

High yield investing

We use a common credit investment philosophy across Royal London Asset Management 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 that identifying pockets where these inefficiencies exist, 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 in, 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



Global yet integrated approach

One team, no regional silos



Nimble & experienced

Established co-located team allows for efficient decision making



No over-diversification

Discerning stock selection with strong individual positions



Know what you know, know what you don't

Focus on quantifiable risk, not unpredictable uncertainty



ESG promoting positive externalities

Beyond the credit analysis, engagement over avoidance

The team

Royal London Asset Management 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 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.

Biographies



Azhar Hussain

Head of Global Credit

Azhar has 22 years direct experience of investing in an array of strategies across the Global Fixed Income and Leverage Finance arenas. He trained as a chartered accountant with Deloitte before starting his investment career as a high yield credit analyst at Gulf International Bank in London. He subsequently became Head of Corporate Debt responsible for IG & HY absolute and relative return strategies. He left to join Insight as Head of HY & Leveraged Loans before joining Royal London Asset Management initially as Head of Global High Yield where he has successfully launched strategies across the Global Credit spectrum. Azhar holds a BA in Economics & Law from SOAS, University of London and obtained a MSc in Behavioural Science from the London School of Economics in 2018.



Stephen Tapley

Senior Fund Manager

Stephen has 15 years' experience of investing in global credit. Stephen started his career at Gulf International Bank as a High Yield analyst before moving onto Scottish Widows Investment Partnership.

He joined Royal London Asset Management in 2012, where he helped to launch the Global High Yield and Short Duration strategies in 2013. He has helped to manage these strategies since inception.

Stephen is a CFA Charterholder and holds an MSc in Financial and Industrial Mathematics from Dublin City University.

Global credit team

Jonathan Platt
Head of Fixed Income

Global Credit

Azhar Hussain
Head of Global Credit

Khuram Sharih
– Senior Fund
Manager

Stephen Tapley
– Senior Fund
Manager

Dilawer Farazi
– Senior Fund
Manager

Gary Ewen
– Assistant
Portfolio Manager

Sebastien Poulin
Head of Credit
Research

Alex Robertson
Demi Ogunwusi*

Tom Elliott

Sunil Patel

Flora Insley

Ben Evans*

July 2023

Investment process

The investment process combines our top-down and bottom-up approach to construct a portfolio of best ideas. The investment approach has three key steps, with ESG&C (Environmental, Social, Governance and Climate) analyses fully integrated: Macro view; Risk overview and Stock selection. At the macro level we have a quarterly economic review which covers all economic regions and focuses on key variables such as growth rates and inflation, helping formulate our default interest rate outlook and positioning. Our Risk view builds upon this outlook with diversification by sector, credit quality and region. We look to tilt holdings towards the areas where

we believe the greatest risk/return attributes can be found. The last and most important filter is bottom-up credit analysis – this is where we can add the most value through analysing and forecasting the cashflows of individual companies to identify the strongest investment candidates. This universe is honed further by a review of technicals including market liquidity and volatility expectations to identify the strongest credit investments.

*Appointed

Why Royal London Asset Management for high yield?

Our 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.

Second, our global credit strategies aim to take the best attributes of three jurisdictions (the US, emerging markets and Europe). Through experience, running dedicated funds in any of these jurisdictions results in having to hold positions that an investor may prefer not to own.

Finally, 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.

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 more defensive, liquidity focused high yield bond fund.

Fund facts

| | |
|--------------------|--|
| Target benchmark | Bank of England Sterling Overnight Index Average |
| Morningstar sector | Global High Yield Bond |
| 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*.

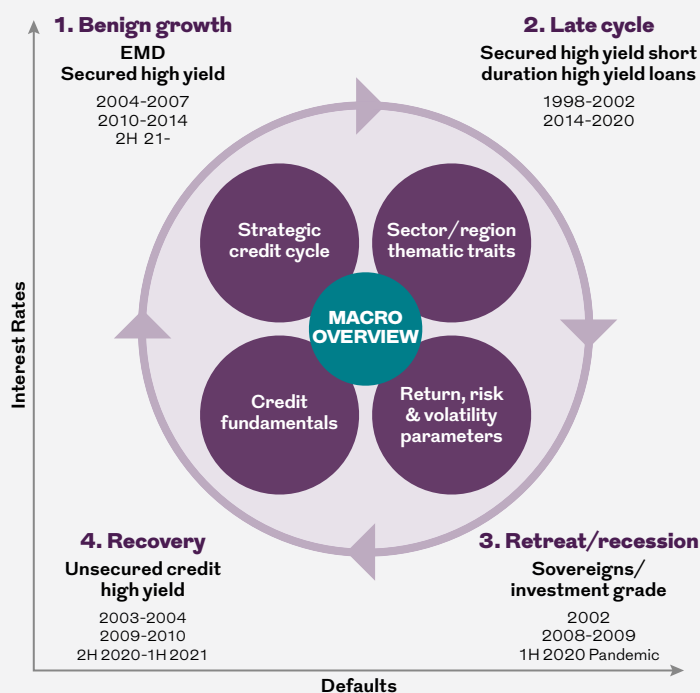
Fund facts

| | |
|--------------------|-------------------------------------|
| Morningstar sector | Global High Yield Bond - GBP Hedged |
| Typical duration | Less than 2 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.

The Credit Cycle



Navigating the cycle can improve returns and dampen volatility

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.

Efficient Portfolio Management (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.

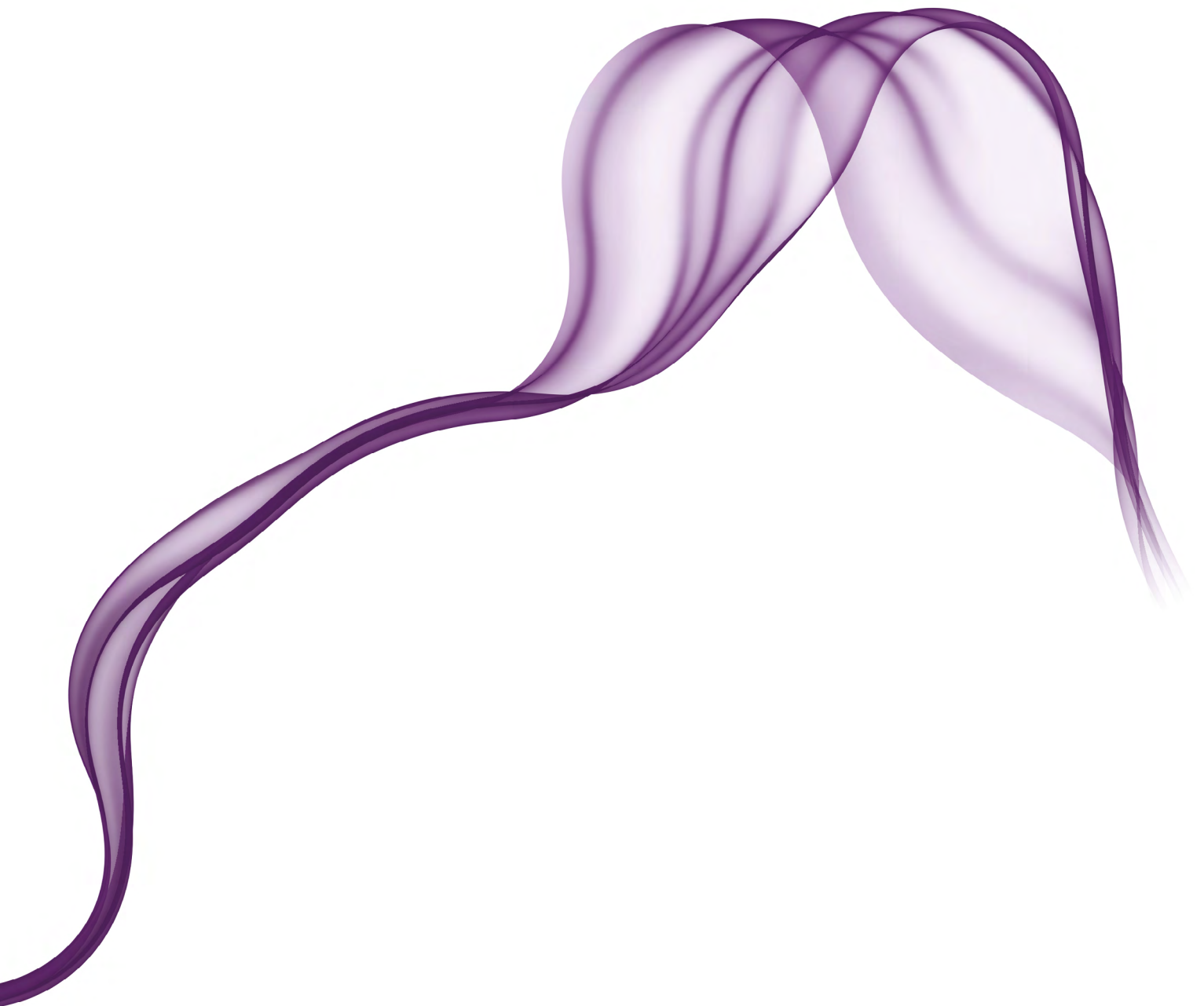
Exchange Rate Risk: Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.

Emerging Markets Risk: Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

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 us

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

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The funds are sub-funds 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 of the Financial Services and Markets Act 2000. The Investment Manager is Royal London Asset Management Limited.

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.com. 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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