

Royal London

Short Term Fixed Income Fund

Factsheet
29 February 2024

Investment objective

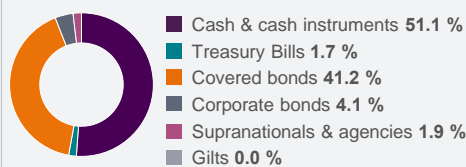
The Fund's investment objective is to achieve a total return over rolling 12-month periods by primarily investing in short term fixed income securities. The Fund's performance target is to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) by 0.50% per annum over rolling 12-month periods. This is the average overnight interest rate UK banks pay for unsecured transactions in sterling and is considered an appropriate benchmark for the Fund's performance.



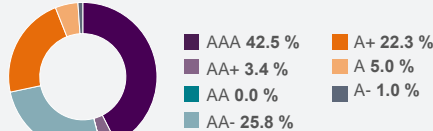
Asset allocation

| | Min | Max | Notes |
|---|-----|-------------------------------|--|
| Money market instruments | 50% | 100% | Includes certificates of deposit, time deposits, corporates and treasury bills |
| Covered bonds & corporate bonds floating and fixed | 0% | 50% (corporate bonds max 20%) | Covered bonds issued by banks and building societies Bonds issued by financial and non-financial corporates with a minimum credit rating of AA- |
| Gilts/supranational | 0% | 25% | UK government and supranational issuers with a minimum credit rating of AA |

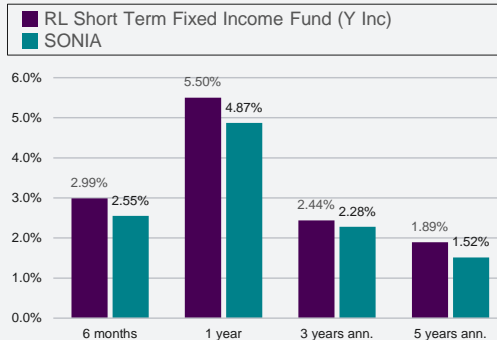
Asset allocation profile



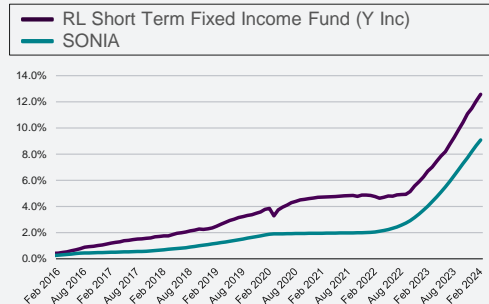
Credit rating profile



Fund performance



Cumulative performance



Monthly performance

| | Feb-24 | Jan-24 | Dec-23 |
|---|--------|--------|--------|
| RL Short Term Fixed Income Fund – Y Inc | 0.45% | 0.51% | 0.37% |
| SONIA | 0.40% | 0.43% | 0.40% |

Distribution history (Net)

| | 29/12/2023 | 29/09/2023 | 30/06/2023 | 31/03/2023 |
|---|------------|------------|------------|------------|
| RL Short Term Fixed Income Fund – Y Inc | 1.6602p | 1.1096p | 0.9054p | 0.7162p |

Table above shows figures as at payment date.

All performance, volatility and yield figures are based on Y Inc share class, gross of fees and tax. Past performance is not a reliable indicator of future results. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment. Portfolio Characteristics and holdings are subject to change without notice. This does not constitute investment advice. For information purposes only.

Source: RLAM as at 29 February 2024.

Fund managers



Craig Inches has 25 years of industry experience and is responsible for the management and oversight of RLAM's short rate strategies, and jointly manages the government bond strategies.



Tony Cole has 21 years of industry experience and is responsible for co-managing the Royal London Short Term Money Market Fund, the Royal London Short Term Fixed Income Fund and a range of segregated portfolios.

Fund facts

| | |
|------------------------------------|-----------------------|
| Inception date | 12 June 2014 |
| Assets under management | £3,933 million |
| Fund management fee | 0.15% |
| Available share classes | Accumulation / Income |
| Settlement | Trade date + 2 days |
| Minimum lump sum investment | £1 million (initial) |
| Weighted average maturity | 0.19 years |
| Weighted average life | 1.3 years |
| Number of issuers | 50 |
| Yield to maturity | 5.59% |
| BoE base rate | 5.25% |
| Fund Structure | OEIC |
| Domicile | GBR |
| ISA Eligible | Eligible |
| Benchmark | SONIA |
| Sector | IA Unclassified |
| Currency | GBP |
| SEDOL (Y Inc) | BMNR1F3 |

Financial exclusions*

✗ Armaments

Manufacture of armaments, nuclear weapons or associated strategic products

✗ Tobacco

Growing, processing or sale of tobacco products

✗ Fossil fuels

The exploration, extraction and refining of oil, gas or coal

* For companies that generate over 10% of their turnover from either one or a combination of the three categories.

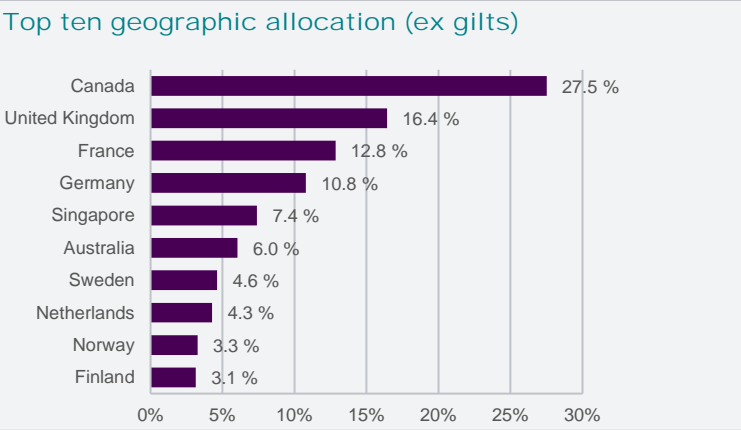
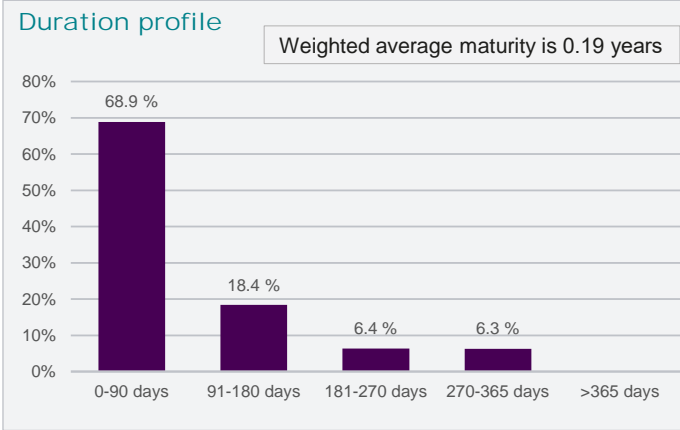
Monthly commentary

The Bank of England Monetary Policy Committee left interest rates unchanged at the start of February, at 5.25%. Once again, there was a split within the MPC, reflecting the fact that inflation has fallen materially but remains above target. The confirmation later in the month that the UK had entered a recession, albeit a mild one, was not a huge surprise given that growth has been very weak for some time.

With interest rates unchanged, SONIA remained at 5.19% over the month. However, expectations of UK rate cuts in 2024 – and in common with expectations in the US and euro zone – have once again been pared back. The further change in 2024 expectations was seen in two-year gilts, often seen as a proxy for market expectations of BoE rates, where yields increased from 4.22% to 4.59%.

Aside from overnight deposits, activity focused on reinvesting selectively to longer maturity CDs as on lower expectations of the number of 2024 rate cuts, examples including one-year CDs from **Nordea** and **Credit Agricole**, while we also added issue three-year covered bonds from **Toronto Dominion** at a very attractive premium to SONIA.

*Based on Z Acc share class, gross of fees and tax.



Top 10 holdings

| Holding | Asset Type | Weight |
|------------------------------|------------------------|--------|
| United Overseas Bank Limited | FRN | 4.2% |
| TSB BANK PLC | FRN | 3.5% |
| Deutsche Pfandbriefbank AG | FRN | 3.4% |
| AAREAL BANK AG | FRN | 2.9% |
| Toronto Dominion Bank | FRN | 2.8% |
| Bank of Nova Scotia | FRN | 2.7% |
| National Bank of Canada | FRN | 2.7% |
| Natixis SA | Certificate of Deposit | 2.6% |
| LLOYDS BANKING GROUP PLC | Certificate of Deposit | 2.6% |
| BNP Paribas | Certificate of Deposit | 2.6% |

Top 10 issuers

| Issue | Weight |
|------------------------------------|--------|
| Royal Bank of Canada | 4.8% |
| Canadian Imperial Bank of Commerce | 4.5% |
| Bank of Montreal | 4.4% |
| United Overseas Bank Limited | 4.2% |
| Bank of Nova Scotia | 3.9% |
| BNP Paribas | 3.6% |
| TSB BANK PLC | 3.5% |
| Toronto Dominion Bank | 3.4% |
| Deutsche Pfandbriefbank AG | 3.4% |
| Skandinaviska Enskilda Banken AB | 3.4% |

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.
- 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.
- 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.
- Government and public securities risk:** The fund can invest more than 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.
- Inflation risk:** Where the income yield is lower than the rate of inflation, the real value of your investment will reduce over time.

Portfolio holdings are subject to change, for information only and are not investment recommendations. Holdings are subject to rounding.
Figures may be subject to rounding.
Source: RLAM as at 29 February 2024.

Weighted Average Maturity = average length of time to maturity of all underlying securities in the fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the security must be repaid.

Weighted Average Life = the weighted average of the remaining life (maturity) of each security held in a fund, meaning the time until the principal is repaid in full.

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The fund is a sub-fund of Royal London Bond Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000797.

The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037. 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.

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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.

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