

Royal London Global Bond Opportunities Fund

Key points

- **Diversified bond exposure:** invests across a broad range of fixed interest securities with typically 180 holdings.
- **Strong income generation:** targets bonds which offer an attractive yield with the aim of maximising income, without taking on the degree of risk associated with high yield bond funds.
- **Unconstrained approach:** managers seek attractive investments across a broad spectrum of fixed income opportunities and currencies.
- **Value orientated:** aims to exploit credit market inefficiencies and seek bonds that offer the best returns on a risk-adjusted basis whilst mitigating stock-specific risk by holding a diversified portfolio of investments, so that no individual allocation can in isolation have an undue impact on overall performance.
- **Focus on security:** managers seek bonds with strong covenants that are secured.

Fund overview

The fund invests in a broad spectrum of fixed income opportunities, encompassing investment grade, sub-investment grade and unrated bonds. Its diversified portfolio contains securities denominated across a range of G10 currencies, with currency exposures substantially hedged back to sterling. The average duration of the fund's portfolio is relatively short, and the sensitivity of the fund's performance to changes in government bond yields is consequently modest.

Fixed income at RLAM

Our highly experienced fixed income team manage £86 billion of assets across the fixed income spectrum (as at 30 September 2020). Our credit fund managers adopt a team-orientated process, sharing their views on the

economic outlook and various holdings as well as RLAM's credit research resources. Central to our corporate and high yield bond funds is the premise that there are greater inefficiencies within credit markets relative to the government bond market and that these can be exploited to generate potential returns. By considering a wider investment universe than many of our peers, we can uncover value in many areas that are often overlooked, including unrated and asset backed bonds and loans. We avoid over-reliance on credit ratings as the main determinant of relative value, instead adopting a more forward looking approach to credit analysis. As a result our bond funds tend to differ from their benchmarks.

Investment philosophy

The fund aims to achieve a high level of income with the opportunity for capital growth, by seeking attractive investments that span a broad spectrum of fixed income opportunities.

Security selection reflects the views of RLAM's experienced credit team. The managers invest in line with the team's philosophy of favouring 'covenants, structure and security'. This means looking beyond credit ratings and questioning whether the rewards sufficiently compensate for the risks.

In practice, this means that the managers consider a broader investment universe than others (e.g. unrated bonds, smaller issue size bonds, sub-investment grade bonds and non-sterling bonds) where they believe valuations are attractive.

The fund mitigates stock-specific risk by holding a diversified portfolio of investments, so that no individual allocation in isolation can have an undue impact on overall performance.

Fund facts

Launch date	08.12.2015 (Z Inc Share Class)
Domicile	Dublin
IA sector	IA Sterling Strategic Bond
Fund structure	ICVC
Minimum investment	GBP Z Inc Class: £3,000,000 GBP Z Acc Class: £3,000,000 USD Z Acc Class: £3,000,000 EUR Z Acc Class: £3,000,000
Fund Management Fee (FMF)	GBP Z Inc Class: 0.52% GBP Z Acc Class: 0.52% USD Z Acc Class: 0.57% EUR Z Acc Class: 0.57%

Source: RLAM as at 31 October 2020

Fund managers



Rachid Semaoune joined RLAM in February 2015 as a credit fund manager within the fixed income team. Rachid is a Citywire + rated senior

fund manager* who brings with him 19 years' experience. He joined from UBS Asset Management where he spent three years managing investment grade credit portfolios. Prior to this he was a deputy credit fund manager at Old Mutual Asset Management. Rachid began his investment career in 2001 at Gulf International Bank where he worked as a credit analyst and deputy fund manager.



Eric Holt has extensive knowledge of UK investment grade and high yield corporate bonds, gained over a career spanning more than

40 years. He has overall responsibility for RLAM's credit research process, as well as managing the Sterling Extra Yield Bond Fund and the Ethical Bond Fund. He joined RLAM in 1999 following Royal London's acquisition of Refuge Assurance's investment team, where he had worked for the previous 20 years.

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.

Derivative risk: Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both fund losses and gains. The impact to the fund can be greater where they are used in an extensive or complex manner, where the fund could lose significantly more than the amount invested in derivatives.

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: Changes in currency exchange rates may affect the value of your investment.

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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Past performance is not a reliable indicator of future results. 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.

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The Fund is a sub-fund of Royal London Asset Management Bond 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 under section 264 of the Financial Services and Markets Act 2000. The Investment Manager is Royal London Asset Management Limited. For more information on the trust 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.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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