

Royal London Absolute Return Government Bond Fund

Key points

- A diversified fund seeking to deliver absolute positive returns of SONIA + 2.5% annualised over rolling 3 year periods.
- Aims to generate returns by exploiting valuation differences within and across G10 government bond markets through both long and short positions.
- Positions are implemented in the most efficient manner, either via government bonds or through a range of derivatives associated with government bond markets*.
- Risk management considered throughout the investment process with a large number of diverse positions held to minimise downside risks (one month 99% VaR normally limited to 5%, with a hard limit at 7%).

* 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.

Fund overview

We believe government bond markets are driven by macro-economic themes (e.g. interest rates, inflation, GDP growth) in the medium to long term. In the short term these markets can be inefficient and/or volatile. This presents opportunities for the fund to invest tactically around longer-term strategic views, potential to add incremental alpha and reduce the volatility of returns.

Investment process

Portfolios are managed through the application of an investment process, which is robust and strictly adhered to, in order to consistently identify investment

opportunities, drive efficient portfolio construction, and produce alpha.

The investment process combines top-down macroeconomic research with bottom-up factors. By taking this approach we aim to construct a portfolio that will deliver consistent alpha from multiple sources across all stages of the economic and market cycle.

Why RLAM?

Royal London Asset Management is one of the UK's leading asset managers, managing around £148 billion of assets (as at 31 December 2020) on behalf of a wide range of institutional, discretionary and advisory clients. We pride ourselves on the quality of the investment options we offer. Our size and scale mean we can give clients access to investment solutions from all major asset classes helping them get the most out of all market conditions.

RLAM is a wholly owned and central part of the Royal London Group, established in 1861. Since our inception we have built a reputation as an innovative, high-performing fund manager, winning new clients as our performance track record and exceptional client service have been recognised.

Fund facts

Launch date	17.11.2014
Domicile	Dublin
IA sector	IA Targeted Absolute Return
Fund structure	ICVC
Benchmark	Overnight Cash Rate (SONIA)
Targeted performance	SONIA + 2.5% annualised over a rolling 3 year basis
Targeted volatility	Less than that of bonds
Duration	+/- 3 years
Minimum investment	GBP M Class: £100,000 GBP Z Class: £3,000,000
Fund Management Fee (FMF)	M Acc: 0.69% Z Acc: 0.42%

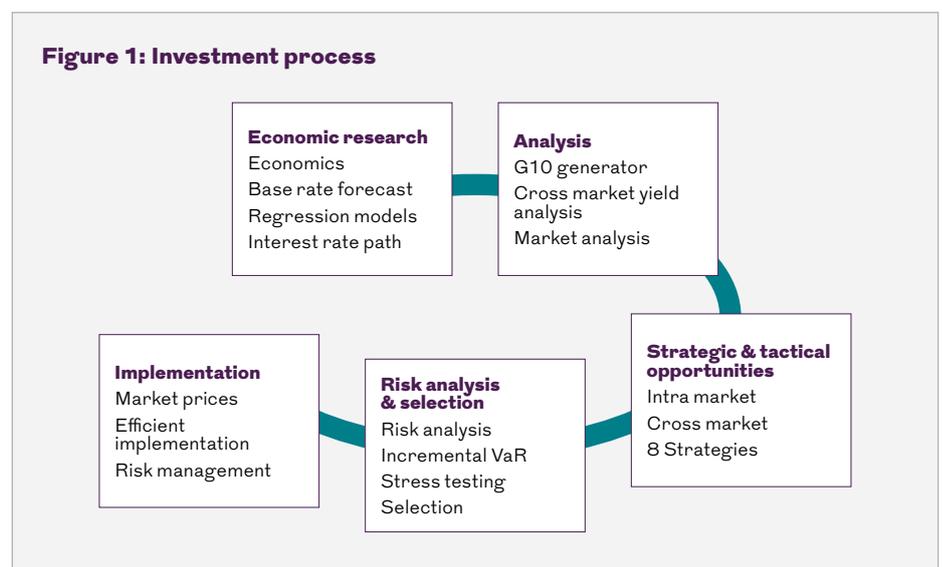
Fund manager

Paul Rayner, Head of Alpha Strategies has considerable experience in



managing UK and global government bonds. He joined Royal London Asset Management in 2005 and has over 30 years' investment experience.

Figure 1: Investment process



Fund risks

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.

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.

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.

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.

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.

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

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.

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.

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.

Contact us

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

Royal London Asset Management
55 Gracechurch Street
London EC3V 0RL

For advisers and wealth managers
020 3272 5950
bdsupport@rlam.co.uk

For institutional client queries
020 7506 6500
institutional@rlam.co.uk

www.rlam.co.uk

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls may be recorded. For further information please see the Legals notice at www.rlam.co.uk.

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.

The "SONIA" mark is used under licence from the Bank of England (the benchmark administrator of SONIA), and the use of such mark does not imply or express any approval or endorsement by the Bank of England. "Bank of England" and "SONIA" are registered trade marks of the Bank of England.

Issued in March 2021 by Royal London Asset Management Limited, 55 Gracechurch Street, London, EC3V 0RL. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

Ref: SA RLAM PD 0115