

# Royal London Global Sustainable Credit Fund

## Sustainable investing at RLAM

At Royal London Asset Management, sustainable investing is nothing new. With more than 20 years' industry experience, Mike Fox, Head of Sustainable Investments, celebrated ten years managing the RL Sustainable World Trust and the RL Sustainable Diversified Trust in 2019.

## Royal London Global Sustainable Credit Fund

The fund provides an enticing proposition of investing in global credit markets, which offer a diverse choice of investment opportunities, with a well-defined investment process that assesses the sustainability criteria of global credit issuers.

RLAM has an established sustainable team who use proprietary research to analyse and understand the Environmental, Social and Governance (ESG) profile of those securities considered as fund holdings. They proactively assess global credit issuers against their own sustainability criteria.

## Key points

- An investment universe highly diversified by geography, currency, sector and issuer. Our sustainable analysis and screening reduces the eligible universe by over 50%.
- Low carbon intensity – actively avoiding carbon intensive industries while investing in securities at the forefront of the low carbon energy transition.
- Collaboration across our experienced investment teams.
- Sustainable investment expertise, supported by an independent External Advisory Committee.
- Globally diversified credit portfolio aiming to take advantage of inefficiencies in ESG and wider credit analysis.

- Established and proven process – our sustainable process has evolved over 15 years making RLAM one of the longest established sustainable asset managers.

The fund is suitable for both retail and institutional investors who are seeking a total return over the medium term. This typically means a minimum time horizon of 3 to 5 years but this could vary depending upon individual risk profiles.

## Investment focus

Launched on 10 February 2021, the RL Global Sustainable Credit Fund is the seventh fund in our sustainable range.

The fund's investment objective is to outperform the Bloomberg Barclays Global Aggregate Corporate Total Return Index Hedged USD (the 'Benchmark') by 0.75% per annum over rolling three year periods (gross of fees).

The fund invests in bonds from companies that are deemed to make a positive contribution to society. Investments will adhere to RLAM's sustainable investment policy.

## Fund facts

<b>Launch date</b>	10.02.2021
<b>Fund size (at launch)</b>	£125.0 million
<b>Minimum initial investment</b>	Class M (GBP Hedged) £100,000 Class Z (GBP Hedged) £3,000,000
<b>Investment grade exposure</b>	80-100%
<b>Sub-investment grade exposure</b>	0-20%
<b>Number of holdings</b>	c200*
<b>Fund management fee</b>	Class M (GBP Hedged) 0.53% Class Z (GBP Hedged) 0.40%
<b>Base currency</b>	USD
<b>Fund Managers</b>	Rachid Semaoune Khuram Sharif
<b>Sector</b>	IA Global Bond

Source: RLAM as at 10 February 2021  
\* Indication at launch

## Key personnel



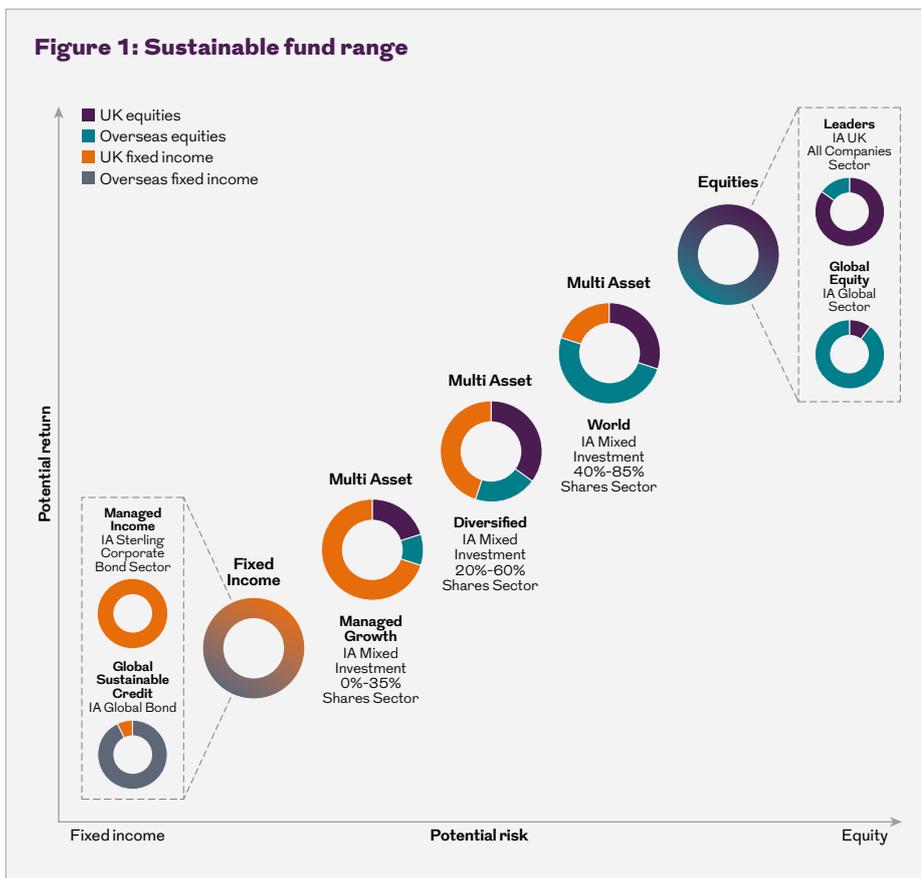
**Rachid Semaoune** is Fund Manager of the Royal London Global Sustainable Credit Fund. Rachid joined RLAM in February 2015

as a Credit Fund Manager within the Fixed Income Team. Rachid 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.



**Mike Fox** is Head of Sustainable Investments at RLAM. Mike joined Royal London Asset Management in August 2013 following the

acquisition of The Co-operative Asset Management by the Royal London Group. Mike became a fund manager in November 2003 when he took over managing the RL Sustainable Leaders Trust. Mike originally trained and qualified as a chartered accountant with Ernst & Young in Manchester.



For illustrative purposes – reflects approximate percentage asset allocation, weightings may vary.

Figure 1 shows how the new RL Global Sustainable Credit Fund complements and extends our existing sustainable fund range.

## Why sustainable credit?

Historically, sustainable investing has been associated with equities, yet we think it is equally relevant for credit markets. The risk profile of bonds is asymmetric: the upside is capped, whereas on the downside, the value of a security can fall to zero. As such, effective risk management and ESG criteria is critical to limit downside risk. A sustainable approach is particularly valuable, since it limits the investment universe to those companies with strong credentials and therefore relatively low ESG risk.

## Why global?

The new fund complements and extends our existing sustainable fund range. By offering a wide and diverse investment universe, a global credit fund is a natural progression to enhance the range and extend the choice of sustainable funds available to investors.

## Why RLAM for global sustainable credit?

The RL Global Sustainable Credit Fund blends together a long, successful, track record of investing sustainably with a global credit capability.

Launched at a time of growing investor interest in global credit markets, the fund is an addition to our successful range of sustainable funds. We manage over £8 billion\* of assets across equity, fixed income and multi-asset funds within our sustainable range.

The fund management team have a collegiate approach, able to draw on the resource and experience across a number of different areas. This provides internal sustainable investment expertise, which is supported by an independent External Advisory Committee.

\* As at 31 December 2020

## Investment risks

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.

**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.

**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.

## 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.

**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.

**Exchange rate risk:** Changes in currency exchange rates may affect the value of this 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.

**Leveraged risk:** The fund employs leverage with the aim of increasing the Fund's returns or yield, however it also increases costs and its risk to capital. In adverse market conditions the fund's losses can be magnified significantly.

**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.

## Contact us

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

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The Royal London Global Sustainable Credit Fund is a sub-fund of Royal London Asset Management Bond Funds plc, an open-ended investment company with variable capital and 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.

Royal London Sustainable Managed Income Trust, Royal London Sustainable Managed Growth Trust, Royal London Sustainable Diversified Trust, Royal London Sustainable Word Trust and Royal London Sustainable Leaders Trust are held within RLUM Limited Unit Trusts, which is an authorised unit trust scheme and is a UCITS scheme. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032.

The Royal London Global Sustainable Equity Fund is a sub-fund of Royal London Equity Funds ICVC, an open ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000807. The Company is a UCITS umbrella fund. 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 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](http://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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