

Royal London Global High Yield Bond Fund

Z Inc GBP

30 June 2024

Fund objective

The investment objective of the Fund is to provide a combination of investment growth and income, the Fund will seek to achieve its objective on an active basis. The Fund seeks to achieve its investment objective by outperforming its benchmark, the BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained Index (the "Benchmark") by 1% per annum over rolling three year periods. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark.

Cumulative performance %

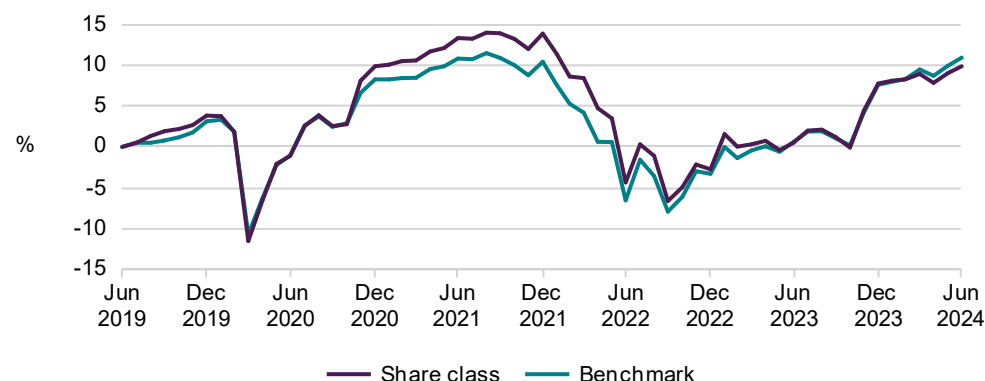
	3M	6M	1Y	3Y	5Y	3Y	5Y
Share class	0.87	1.96	9.29	(3.05)	9.88	(1.03)	1.90
Benchmark	1.31	3.10	10.29	0.09	10.94	0.03	2.10
Quartile Rank	4	4	4	4	4	4	4

Annualised %

Year on year performance % (12 months to 30 June)

	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021	30/06/2019 - 30/06/2020
Share class	9.29	5.10	(15.60)	14.57	(1.07)

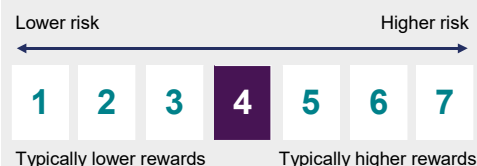
Rolling performance



Past performance is not a guide to future performance. 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. Share class performance is shown on a mid to mid price basis, net of fees and gross of taxes, with gross income reinvested unless otherwise stated. Benchmark performance is shown gross of fees and taxes. The impact of commissions, fees and other charges can be material on the performance of your investment. Rolling performance data shown using month end returns.

Fund launch date	15 February 2013
Fund size	£3,043.31m
Fund type	OEIC
Fund domicile	IE
Fund managers	Azhar Hussain Stephen Tapley
ISA eligible	Yes
Fund base currency	GBP
Share class currency	GBP
Share class launch date	15 February 2013
Benchmark	BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained
SFDR classification	Article 8
Settlement days	T+3
IA sector	£ High Yield
Duration to worst	3.85 years
Distribution yield (%)	5.45
FX adjusted yield (%)	7.20
Fund management fee	0.550%
Minimum investment	£3,000,000
Mid price	£0.82
ISIN	IE00B8K38002
Sedol	B8K3800

Risk measurement



The indicator is based on historical data and may not be a reliable indication of the future risk profile. The category shown may change over time. The lowest category does not mean 'risk free'.

Fund Commentary

The fund returned 0.83% (gross of fees) against the benchmark, the ICE BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained Index (100% GBP hedged), return of 0.90%. Net of fees (Z Inc) the fund returned 0.78%. Against the fund's objective, outperforming its benchmark by 1% per annum over rolling three-year periods, it is behind of the benchmark, gross of fees (-0.45% versus 0.03%). The global high yield market continued its positive trend from the prior month. The primary contributor during the month was the government yield curve which fell 16bps during the month. Global high yield spreads (BB-B index) widened 8bps during the month. The high yield market is now yielding 6.97% (YTW) with a duration of 3.6 years. The fund's FX-adjusted yield stood at 7.20% at the end of June with a duration of 3.9 years.

The month of June saw a continuation with the amount of global high yield new issuance at \$25.8bn, which is up 22% compared with June 2023 but is down from the stellar at \$59.0bn seen last month – which, albeit, was the highest amount of monthly new issuance since September 2021. June's issuance brings the year-to-date figure to \$256.5bn – up 76% as compared with this period in 2023. The US high yield default rate inched lower in June, falling to 1.9% from 2.0% in May. June's rate is now the lowest mark since August 2023. The US high yield default rate has now been sitting in a range between 1.9% and 2.6% since April 2023. For comparison, during the GFC the default rate was seen over 20% and it was over 7% during the Covid pandemic. The global high yield rate fell to 2.5% from 2.8% in May and is lower than the 3.3% seen in June last year. These default levels would be entirely normal in an historic context, but the nature of the economic backdrop and strong company balance sheets means we expect default rates to grind higher, instead of sharply spiking.

In the fund, total returns were broad based, with no sector seeing negative total returns. Relative to the benchmark, we saw outperformance from our capital goods, media and services holdings, while basic industry, real estate and utility were the relative laggards. By rating, both our BB and B rated bonds contributed positively to performance but were behind the benchmark. While outside the benchmark, both our BBB & Above and CCC & Below holdings contributed positively. By region, all areas saw a positive total performance, with our US holdings the relative outperformer. For the market, all regions produced positive and comparable returns during the month. With respect to sectors, all sectors produced positive returns without significant deviation from the average.

*Yield-to-worst refers to the redemption date that produces the lowest return.

Sector breakdown

	Fund %	Relative %	
Media	13.28	7.83	
Services	13.12	6.36	
Telecommunications	12.52	4.95	
Capital Goods	9.85	4.03	
Leisure	9.48	2.04	
Healthcare	8.66	0.74	
Basic Industry	8.45	-1.64	
Retail	3.82	-2.64	
Energy	8.61	-6.49	
Other	12.21	-15.16	

Credit ratings

	Fund %	Relative %	
BBB & Above	6.43	6.43	
BB	41.87	-20.91	
B	46.55	9.33	
CCC & Below	4.69	4.69	
NR	0.45	0.45	

Maturity profile

	Fund %	Relative %	
0 - 5 years	69.91	10.81	
5 - 10 years	24.95	-6.99	
10 - 15 years	0.35	-0.48	
Over 15 years	4.79	-3.34	

Top holdings

	Weight %
EMRLD BOR / EMRLD CO-ISS 6.625000000	1.33
LIVE NATION ENTERTAINMEN 4.750000000	1.28
HTA GROUP LTD 7.500000000 2029-06-04	1.00
TRANSDIGM INC 6.625000000 2032-03-01	0.96
CPUK FINANCE LTD 7.875000000 2029-08-28	0.95
CEMEX SAB DE CV 5.125000000	0.95
NEXSTAR MEDIA INC 4.750000000 2028-11-01	0.94
PRIME SECSRVC BRW/FINANC 6.250000000	0.92
TELENET FINANCE LUX NOTE 5.500000000	0.89
TEVA PHARMACEUTICALS NE 3.150000000	0.87

Deputy Fund Manager



Azhar Hussain
Head of Global Credit
Tenure from: 15 February 2013

Lead Fund Manager



Stephen Tapley
Senior Fund Manager
Tenure from: 15 February 2013

Source: Royal London Asset Management as at 30 June 2024 unless otherwise stated.

Key concepts to understand

Bonds: Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest. Corporate bonds are those issued by companies to raise finance.

Currency hedged share classes: Currency Hedged Share Classes aim to provide investors with a return highly correlated to the return of the base currency share class by minimising the impact of exchange rate fluctuations between the base currency of the Fund and the investor's chosen currency. Derivatives are typically used to hedge the relevant share classes.

Derivatives: A financial instrument whose price is dependent upon or derived from one or more underlying asset.

Distribution yield: The distribution yield reflects the amounts that may be expected to be distributed over the next 12 months. It is calculated net of standard management charges. It reflects RLAM's current perception of market conventions around timing of bond cash flows.

Efficient Portfolio Management (EPM) techniques: The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

FX adjusted yield: FX adjusted yield is the gross rate of return to the expected maturity adjusted for hedging and excludes the impact of cash.

Maturity Profile: The maturity profile is based on position redemption dates expected by the manager, which may differ from market interpretation of redemptions

Fund risks

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: This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

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 risk: 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 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. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

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.

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.

Sub-investment grade investment risk: Lower rated investment grade securities may have large uncertainties or major risk exposures to adverse conditions. The market value of securities in lower rated investment grade categories is more volatile than that of higher quality securities, and the markets in which these securities are traded are less liquid than those in which higher rated securities are traded.

Share class fees and charges

Share class	ISIN	Fee	Minimum investment
M Inc GBP	IE00B8GCTN18	0.700%	£100,000
Z Acc CHF Hedged	IE000UQDMWQ1	0.630%	SFr3,000,000
Z Acc EUR Hedged	IE00BGSVCM20	0.630%	€3,000,000
Z Acc USD Hedged	IE00BGSVCN37	0.630%	\$3,000,000
Z Inc GBP	IE00B8K38002	0.550%	£3,000,000

Further information



Further information on this fund, including commentaries and reports, can be found in the Funds section of www.rlam.com as appropriate to your investor type and location.

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Important information

This is a financial promotion and is not investment advice.

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Issued in July 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.

The Fund is a sub-fund 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 under the Financial Services and Markets Act 2000.

The Management Company is FundRock Management Company SA, Registered office: 33 rue de Gasperich, L - 5826 Hesperange, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

The Investment Manager is Royal London Asset Management Limited.

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.

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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Source: Royal London Asset Management as at 30 June 2024 unless otherwise stated.