

Royal London Sustainable Short Duration Corporate Bond Fund

M Acc GBP

31 May 2024

Fund objective

The Fund's investment objective is to achieve a total return over the medium term, which should be considered as a period of 3-5 years, by predominantly investing in sterling-denominated corporate bonds, which will primarily be short-duration (5 years or less). Investments in the Fund will adhere to the Investment Manager's ethical and sustainable investment policy. The Fund's performance target is to outperform the ICE Bank of America Merrill Lynch Sterling Non-Gilt (1-5 Years) Total Return (GBP Unhedged) Index (the "Index"), after the deduction of charges, over rolling 5-year periods. The IA Sterling Corporate Bond sector is considered an appropriate benchmark for performance comparison.

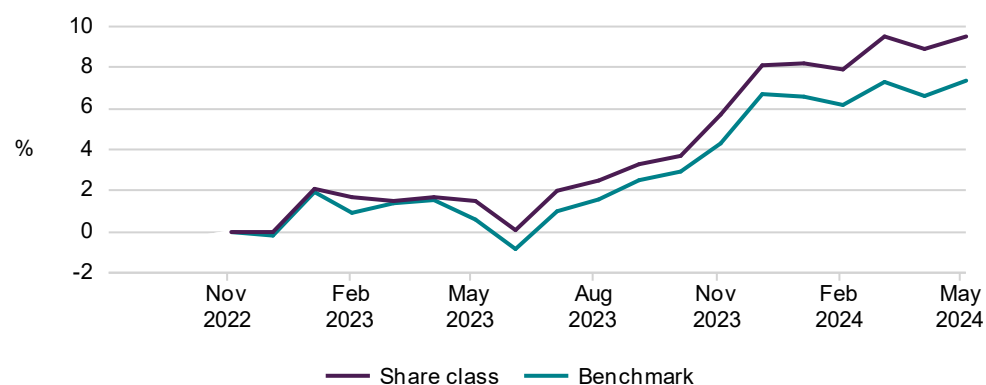
Cumulative performance %

	3M	6M	1Y	3Y	SI	Annualised %	SI
Share class	1.48	3.59	7.87	-	9.60	-	6.21
Benchmark	1.11	2.92	6.70	-	7.10	-	4.62
IA Sector	1.01	3.50	8.00	(8.82)	-	(3.03)	-
Quartile Rank	1	2	3	-	-	-	-

Year on year performance % (12 months to 31 May)

	31/05/2023 - 31/05/2024	31/05/2022 - 31/05/2023	31/05/2021 - 31/05/2022	31/05/2020 - 31/05/2021	31/05/2019 - 31/05/2020
Share class	7.87	-	-	-	-

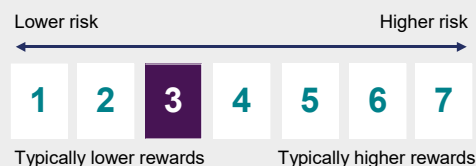
Rolling performance



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. Fund 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.

Fund launch date	23 November 2022
Fund size	£145.77m
Fund type	ICVC
Fund domicile	GB
Fund managers	Shalin Shah Matt Franklin
ISA eligible	Yes
Fund base currency	GBP
Share class currency	GBP
Share class launch date	23 November 2022
Benchmark	ICE Bank of America Merrill Lynch Sterling Non-Gilt (1-5 Years) Total Return (GBP Unhedged) Index
SFDR classification	N/A
Settlement days	T+3
IA sector	£ Corporate Bond
Fund duration	2.92 years
Benchmark duration	2.51 years
Gross redemption yield (%)	6.59
Distribution yield (%)	5.80
Fund management fee	0.350%
Minimum investment	£100,000
Mid price	109.60p
ISIN	GB00BLDC8278
Sedol	BLDC827

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'.

Sector breakdown

	Fund %	Relative %	
Structured	23.29	18.99	
Insurance	16.76	12.51	
Social housing	6.53	5.94	
Utility	9.54	5.35	
Real estate	5.59	3.58	
Consumer services	6.20	2.94	
Banks & Financial services	28.56	-0.68	
Covered	1.23	-1.14	
Other	0.55	-12.02	
Supranat'l & agencies	1.74	-35.46	

Credit ratings

	Fund %	Relative %	
AAA	4.91	-26.26	
AA	8.97	-4.05	
A	23.50	0.69	
BBB	52.12	19.87	
BB or less	6.36	5.69	
Unrated	4.13	4.07	

Maturity profile

	Fund %	Relative %	
0-3 months	1.78	1.78	
3-6 months	2.02	2.02	
6-12 months	5.19	3.67	
1-2 years	19.34	-10.93	
2-3 years	19.17	-6.44	
> 3 years	52.50	9.91	

Top holdings

	Weight %
AVIVA PLC 6.125000000 2036-11-14	1.73
LEGAL & GENERAL GROUP 5.375000000	1.71
LLOYDS BANKING GROUP PLC 6.625000000	1.47
BAZALGETTE FINANCE PLC 2.375000000	1.47
HSBC HOLDINGS PLC 8.201000000 2034-11-16	1.32
HSBC BNK CAO FND STER 1 5.844000000	1.31
PORTERBROOK RAIL FIN LTD 7.125000000	1.30
NATWEST GROUP PLC 2.105000000 2031-11-28	1.28
EVERSHOLT FUNDING PLC 6.697000000	1.26
PRINCIPALITY BLDNG SOC 8.625000000	1.21

Lead Fund Manager



Shalin Shah
Senior Credit Fund Manager
Tenure from: 23 November 2022

CITYWIRE AAA

Lead Fund Manager














Matt Franklin
Fund Manager
Tenure from: 23 November 2022

ESG characteristics

Royal London Asset Management has a controversial weapons exclusion across all investments. Our full policy can be found on our website:
www.rlam.com/globalassets/media/literature/policies/controversial-weapons-policy.pdf

	Yes	No
ESG integration	✓	
Promotes environmental or social characteristics		✓
Sustainable fund objective	✓	
Additional exclusions	✓	

Additional exclusions

 Adult entertainment	✓	 High environmental impact	✓
 Alcohol	✓	 Human rights issues	✓
 Animal welfare	✓	 Nuclear power	✓
 Armaments	✓	 Nuclear weapons	✓
 Fossil fuels	✓	 Tobacco	✓
 Gambling	✓		

Climate metrics

	Fund	Benchmark	Difference %
Financed emissions (tCO ₂ e)	1,393.15	n/a	n/a
Financed emissions coverage	39.46%	n/a	n/a
Carbon footprint (tCO ₂ e/\$M invested)	7.59	19.31	(60.70)
Carbon footprint coverage	39.46%	45.09%	(12.50)
Weighted average carbon intensity (tCO ₂ e/\$M sales)	38.83	32.65	18.93
Weighted average carbon intensity coverage	97.71%	96.78%	0.96

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	4	26
Number of engagements	7	53

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

ESG characteristics rationale

The Fund focuses on the sustainability of the products and services of the companies it invests in, as well as their standards of environmental, social, governance ("ESG") management, alongside financial analysis. The investment approach is fundamentally based on positive screening; identifying companies that are making a positive contribution towards a cleaner, healthier, safer and more inclusive society, through assessing both what a company does and how it does it, and through active engagement to encourage continual improvement. The fund will not invest in companies that undertake business activities deemed to be detrimental to society. Further details of the Funds Sustainable Investment process can be found in the ethical and sustainable investment policy at www.rlam.com

For further information on our responsible investments, please click on the icon below or visit our website www.rlam.com/uk/intermediaries/responsible-investment/



Please visit our Ethical and Sustainable Investment Policy: <https://www.rlam.com/globalassets/media/literature/policies/rlam-ethical-and-sustainable-investment-policy.pdf>

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.

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.

Environmental, social and governance: A list of predefined criteria that determines how a company operates in terms of sustainability and overall corporate governance.

Gross redemption yield: Gross redemption yield is the rate of discount at which a bond's future obligations of interest and capital payments equates to its current price. The gross redemption yield shown for the fund is the average for its individual holdings, weighted by their current value, net of relevant fund management costs and gross of tax.

Rolling 5-Year Period: A rolling 5-year period is any period of five years, no matter which day you start on.

Total return: A total return is a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.

Fund risks

Charges from capital risk: Charges are taken from the capital of the Fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.

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.

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.

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.

Responsible investment risk: The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

Share class fees and charges

Share class	ISIN	Fee	Minimum investment
M Acc GBP	GB00BLDC8278	0.350%	£100,000
M Inc GBP	GB00BLDC8B60	0.350%	£100,000
Z Acc GBP	GB00BLDC8948	0.310%	£3,000,000
Z Inc GBP	GB00BLDC8831	0.310%	£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 June 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 Bond Funds II ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001128.

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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Source: Royal London Asset Management as at 31 May 2024 unless otherwise stated.