ROYAL LONDON
SHORT TERM FIXED INCOME FUND
31.08.22

FUND OVERVIEW

Fund Manager(s)	Tony Cole, Craig Inches
Fund Size	£6,367.40m
Fund Type	OEIC
Domicile	United Kingdom
ISA	Eligible
Duration	0.2 years
Benchmark Index	Bank Of England Sterling Overnight Index Average
Investment Association Sector	IA Unclassified
Currency	GBP
Initial Charge	0.0%
Fund Management Fee (FMF):	M Inc: 0.25% X Inc: 0.11% Y Acc: 0.15% Y Inc: 0.15% Z Acc: 0.03% Z Inc: 0.03%

Share Class M (Income)

Unit Launch Date	13.12.12
SEDOL	B545JR5
Mid Price	101.60p
Distribution Yield	1.52%
Underlying Yield	1.52%

Share Class X (Income)

Unit Launch Date	12.10.16
SEDOL	BYQQoM1
Mid Price	99.81p
Distribution Yield	1.66%
Underlying Yield	1.66%

Share Class Y (Accumulation)

Unit Launch Date	12.06.14
SEDOL	BMNR1H5
Mid Price	104.61p
Distribution Yield	1.62%
Underlying Yield	1.62%

Share Class Y (Income)

Unit Launch Date	12.06.14
SEDOL	BMNR1F3
Mid Price	99.91p
Distribution Yield	1.62%
Underlying Yield	1.62%

Share Class Z (Accumulation)

Unit Launch Date	20.06.11
SEDOL	B4VPT26
Mid Price	108.55p
Distribution Yield	1.74%
Underlying Yield	1.74%

Share Class Z (Income)

Unit Launch Date	21.05.12
SEDOL	B4X2895
Mid Price	100.56p
Distribution Yield	1.74%
Underlying Yield	1.74%

Overview

The Fund's investment objective is to achieve a total return over rolling 12-month periods by primarily investing in short term fixed income securities. The Fund's performance target is to outperform, before the deduction of charges, the Bank of England Sterling Overnight Interbank Average (SONIA) by 0.50% per annum over rolling 12-month periods. This is the average overnight interest rate UK banks pay for unsecured transactions in sterling and is considered an appropriate benchmark for the Fund's performance.

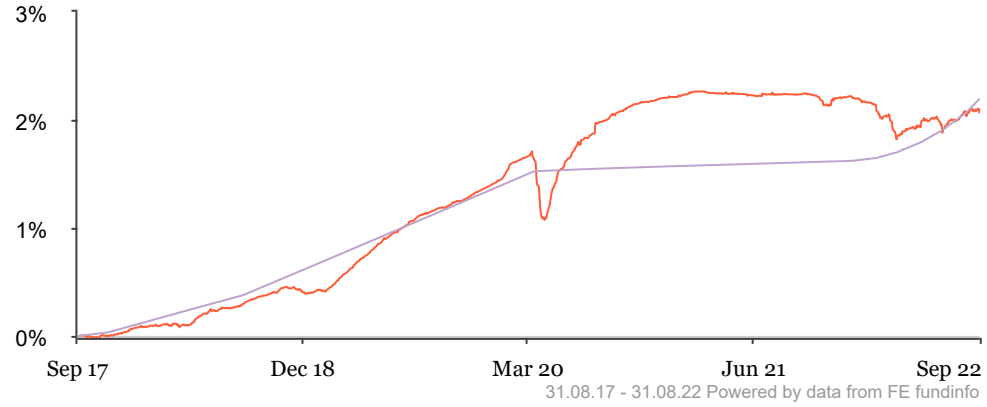
Year-on-year performance

	30.06.21 to 30.06.22	30.06.20 to 30.06.21	30.06.19 to 30.06.20	30.06.18 to 30.06.19	30.06.17 to 30.06.18
Share Class M (Income)	-0.2%	0.4%	0.8%	0.8%	0.3%
Share Class X (Income)	-0.1%	0.5%	0.9%	0.9%	0.4%
Share Class Y (Accumulation)	-0.1%	0.5%	0.9%	0.9%	0.4%
Share Class Y (Income)	-0.1%	0.5%	0.9%	0.9%	0.4%
Share Class Z (Accumulation)	0.0%	0.6%	1.0%	1.0%	0.6%
Share Class Z (Income)	0.0%	0.6%	1.0%	1.0%	0.6%

Cumulative Performance (as at 31.08.22)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Class M (Income)	0.1%	0.0%	-0.2%	0.9%	2.1%
Share Class X (Income)	0.1%	0.1%	0.0%	1.3%	2.8%
Share Class Y (Accumulation)	0.1%	0.1%	-0.1%	1.2%	2.6%
Share Class Y (Income)	0.1%	0.1%	-0.1%	1.2%	2.6%
Share Class Z (Accumulation)	0.1%	0.1%	0.1%	1.5%	3.3%
Share Class Z (Income)	0.1%	0.1%	0.1%	1.5%	3.2%
Bank Of England Sterling Overnight Index Average	0.3%	0.5%	0.6%	1.0%	2.2%

Performance Chart



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.

Source: RLAM and FE fundinfo as at 31.08.22. 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.

Distribution History (Net)

	30/09/2022	30/06/2022	31/03/2022	31/12/2021
Share Class M (Income)	0.2874p	0.1220p	0.0335p	0.0093p
Share Class X (Income)	0.3179p	0.1539p	0.0682p	0.0445p
Share Class Y (Income)	0.3081p	0.1444p	0.0582p	0.0344p
Share Class Z (Income)	0.3406p	0.1748p	0.0892p	0.0652p

Table above shows figures as at payment date.

Fund Manager(s)

Craig Inches
Co-manager
Fund Manager tenure:
22.06.11

Tony Cole
Co-manager
Fund Manager tenure:
18.05.15

Yield Definitions

The distribution yield reflects the amounts that may be expected to be distributed over the next 12 months. The underlying yield reflects the annualised income net of expenses of the Fund as a percentage (calculated in accordance with the relevant accounting standards). Both these yields are calculated as a percentage of the mid-price of the Fund as at the date shown and are month end snap shots of the portfolio on that day and do not include any preliminary charges. Investors may be subject to tax on distributions. Reported yields reflect RLAM's current perception of market conventions around timing of bond cash flows.

Important Information

This is a financial promotion and is not investment advice. The Fund is a sub-fund of Royal London Bond Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000797. 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.

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Source: RLAM, FE fundinfo and HSBC as at 31.08.22, unless otherwise stated. Yield definitions are shown above.

Our ref: FF RLAM PD 0799

For more information concerning the risks of investing, please refer to the Prospectus and Key Investor Information Document (KIID).

Breakdowns exclude cash and futures.

Fund Commentary

The Bank of England (BoE) Monetary Policy Committee raised interest rates by 0.5% at the start of August, its biggest rate hike in over 25 years. This was largely expected, particularly after rises of 0.75% and 0.5% in the US and euro zone respectively at the end of July. The BoE is forecasting that inflation will rise to 13% by the end of the year and suggested more rate hikes would be needed.
SONIA jumped to 1.69%, while ICE Term SONIA three-month rates rose from 1.81% to 2.41%. Two-year gilts, often seen as a proxy for market expectations of BoE rates, jumped from 1.71% to 3.01%, reflected the worsening inflation outlook.
Activity was relatively light in the month, although we remained active in the covered bonds space, including secondary market purchases of two-year bonds from Commonwealth Bank of Australia and three-year bonds from Nationwide and National Bank of Canada. Outside of covered bonds, activity of note included one-year CDs from Barclays and a new senior three-year floating rate note from Clydesdale Bank at around 60bps over SONIA.
*Based on Z Acc share class, gross of fees and tax

This is not a recommendation or solicitation to buy or sell any particular security.
The views and opinions expressed herein are those of the manager at the time and are subject to change without notice.

Unit Charges

	Initial Charge	Minimum Investment
Share Class M (Income)	0.00%	£100,000
Share Class X (Income)	0.00%	£200,000,000
Share Class Y (Accumulation)	0.00%	£1,000,000
Share Class Y (Income)	0.00%	£1,000,000
Share Class Z (Accumulation)	0.00%	£1,000,000
Share Class Z (Income)	0.00%	£1,000,000

Credit Breakdown

	Fund	Index
AAA	44.1%	-
AA	26.7%	-
A	29.2%	-

Sector Breakdown

	Fund
Corporate Bonds	3.9%
Covered Bonds	41.0%
Gilts	0.3%
Supranationals & Agencies	2.1%
Money Market Instruments	52.6%

Maturity Profile

	Fund	Index
0 - 5 years	100.0%	-

Maturity classifications reflect issue maturity date, not market interpretation of redemptions.
Totals may not equal 100% as they do not include the impact of cash and foreign exchange.

Top 10 Holdings as at 31.08.22

	Fund
United Overseas Bank Ltd Frn 21/09/2026	3.2%
Canadian Imperial Bank Of Commerce Frn 23/06/2026	2.5%
Bank Of Montreal Frn 15/09/2026	2.5%
Royal Bank Of Canada Frn 13/07/2026	2.3%
Bank Of Nova Scotia Frn 22/06/2026	2.3%
Deutsche Pfandbriefbank Ag Frn 26/04/2024	2.2%
Bank Of Nova Scotiathe Frn 14/03/2025	1.9%
Dbs Bank Ltd Frn 17/11/2025	1.9%
Tsb Bank Plcunited Kingdom Frn 15/02/2024	1.9%
Dzbk 2.10% Cd 28/04/2022 - 28/04/2023	1.9%
Total	**22.6%**
No of Holdings	**104**

Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Nothing in this factsheet should be construed as advice and is therefore not a recommendation to buy or sell shares.

CONTACT DETAILS

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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.
Derivative: A financial instrument whose price is dependent upon or derived from one or more underlying asset.
Efficient Portfolio Management: An investment technique that allows the use of derivatives for at least one of the following purposes: to increase the value of the Fund; to protect the value of the Fund or to reduce the risks of certain investments.
Money market instruments: Investments that pay interest, have a short duration and are designed to maintain a stable value.
Floating rate notes: Bonds that pay a variable rate of interest. The interest rate is tied to a benchmark and adjusted periodically.
Covered bonds: Bonds or notes that are backed by cash flows from mortgages or other debt.

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.
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.
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.
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.
Government and Public Securities Risk: The Fund can invest more than 35% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.
Inflation risk: Where the income yield is lower than the rate of inflation, the real value of your investment will reduce over time.