Royal London Asset Management

Fixed Income Fund Commentary

31 July 2026

Fund Commentary

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The purpose of this report is to provide an update on the Royal London Fixed Income Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

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ASSET MANAGEMENT

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Royal London Corporate Bond Fund

Bond markets were volatile over the month. Government bond yields generally moved higher as investors weighed a combination of a repricing of the inflationary implications of elevated energy prices on policy rates together with a rise in term premium driven by fiscal/supply concerns against signs of moderating economic growth. Against this negative return backdrop for government bonds, credit markets proved relatively resilient, supported by healthy corporate fundamentals and strong demand for new issuance.

The fund saw negative returns in July and marginally underperformed its benchmark due to our long duration positioning. While this weighed on returns over the month as yields rose, we continue to expect yields to fall over time as market focus reverts from higher inflation to anaemic growth, supporting our duration positioning. This impact was partly offset by positive contributions from both sector allocation and stock selection, with particularly strong performance from financials and structured bonds.

We believe that the all-in yield available in the sterling credit market remains attractive and, despite tighter credit spreads, continues to provide adequate compensation for default risk. Driven by our longstanding credit philosophy, we remain confident in our ability to achieve an attractive yield premium in the portfolio while maintaining a high degree of diversification – across both sectors and issuers – alongside a bias towards secured debt that aims to provide additional downside protection.

Royal London Ethical Bond Fund

Bond markets were volatile over the month. Government bond yields generally moved higher as investors weighed a combination of a repricing of the inflationary implications of elevated energy prices on policy rates together with a rise in term premium driven by fiscal/supply concerns against signs of moderating economic growth. Against this negative return backdrop for government bonds, credit markets proved relatively resilient, supported by healthy corporate fundamentals and strong demand for new issuance.

The fund saw negative returns for July but outperformed its benchmark, the iBoxx Sterling Non-Gilts All Maturities Index. Overall, stock selection – notably in banks and structured sectors – was the main driver of relative performance while credit sector allocation also supported returns.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies, and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Royal London Global Bond Opportunities Fund

The fund showed resilience in light of a spike in volatility that saw a flare up of US-Iran geopolitical tensions that pushed the oil price back above $90 per barrel. These moves, in turn, pushed government bond yields higher leading to a weak performance for corporate bonds as higher energy prices stoked up inflation concerns.

The fund's return was broadly neutral, despite both the high yield and investment grade markets seeing negative returns. A positive for the fund in the month was M&A activity, with holdings of BlueNord and Ocean Yield seeing a pickup. BlueNord looks set to be acquired by Var Energi, which will create Europe's largest independent oil and gas producer. As an unrated bond, BlueNord will benefit from Var Energi's BBB rating.

Despite a slow-down in primary markets in July, following typical seasonal effects, the fund remained active. Of interest, the fund took part in a new US dollar denominated issue from recruitment firm Nes Fircroft, which specialises in recruitment for the energy sector, with the bonds issued at a yield of 10%. Additionally, we took part in a new issue in the favoured insurance sector, picking up subordinated bonds from Standard Life with a yield nearing 8%.

Fixed Income

Royal London Global High Yield Bond Fund

Global high yield markets came under pressure in July as government bond yields moved higher and rate volatility increased. Despite a challenging backdrop, spread widening was relatively modest, while government bond yields increased sharply. The move in rates led to a negative return for the broader high yield market.

Primary market activity slowed on the back of the elevated volatility and due to the typical seasonal summer slowdown. US high yield issuance decreased month-on-month by approximately $14.5bn to $19.8bn, while global high yield issuance declined by around $12.7bn to $39.0bn. Issuance continued to be dominated by refinancing activity and was skewed towards higher quality issuers.

Within the fund, our energy and retail holdings delivered solid performance versus the benchmark, while our leisure bonds were behind the index. Absolute returns, for both the fund and benchmark, were dragged lower in the month by the telecommunications sector, with Virgin Media bonds seeing a downgrade. By rating, our BB bonds outperformed while our single B rated positions were behind the benchmark. By region, our US holdings were the strongest relative outperformers.

Royal London Global Index Linked Fund

Government bond yields rose across the yield curve in July, detracting from performance given the fund's long duration position. Market volatility increased throughout the month as geopolitical tensions in the Middle East escalated and pushed the oil price back above $90 per barrel. This renewed concerns around the inflation outlook and, in turn, pushed government bond yields higher.

The fund's underperformance was driven by its strategic long duration position and a general bias towards the longer end of the curve. The fund extended its long duration position during the month, ending more than half a year long versus the benchmark.

The fund trimmed some of its Australian position, taking profit following strong performance and inflation print data. In selling Aussie bonds, we moved to increase our UK exposure, where we looked to add duration through purchases of 2033 nominals. We also bought 30-year US TIPS, increasing our exposure to the US market, with yields nearing 3% which we felt was attractive versus peers.

Fixed Income

Royal London Global Mezzanine ABS Fund

No signs of a summer lull were seen in July in Europe. There was an abundant supply of new issues which saw about EUR20bn placed, of which EUR14bn was across 21 non-CLO transactions. This took year-to-date gross issuance to EUR114bn in Europe despite an uncertain global backdrop dominated by geopolitical tensions with the collapse of the US-Iran ceasefire and a resurgence in inflationary fears.

Fixed income markets in general remained relatively stable, looking through the conflict. The increase in supply was well absorbed. However, some softness was felt as concerns around AI expenditure, as well as rates expectations added pressure on headline spreads. This led to a widening in senior paper and resulted in the flattening of the credit curve.

In Australia, July was uncharacteristically busy, with over AUD6.3bn pricing across nine transactions. July's issuance far exceeded the month's average supply of AUD2.2bn in recent years and comprised a diverse mix of collateral and pricing generally tighter than seen in June. The desk participated in most of the new supply issuance with the main investments being in Australia (Autos, SME and RMBS), UK and EUR (RMBS and Consumer). Prime RMBS and NC in UK and Australia were the main contributors to performance for the month.

Royal London Global Senior ABS Fund

No signs of a summer lull were seen in July in Europe. There was an abundant supply of new issues which saw about EUR20bn placed, of which EUR14bn was across 21 non-CLO transactions. This took year-to-date gross issuance to EUR114bn in Europe despite an uncertain global backdrop dominated by geopolitical tensions with the collapse of the US-Iran ceasefire and a resurgence in inflationary fears.

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Fixed Income

Royal London Index Linked Fund

Government bond yields rose across the yield curve in July, detracting from performance given the fund's long duration position. Market volatility increased throughout the month as geopolitical tensions in the Middle East escalated and pushed the oil price back above $90 per barrel. This renewed concerns around the inflation outlook and, in turn, pushed government bond yields higher.

Meanwhile, the Bank of England held interest rates at 3.75% at its July policy meeting, with three MPC members voting for a rate rise, a more hawkish vote split vs June's 7-2. While the MPC highlighted upside inflation risks from higher energy prices, it continued to point to easing underlying inflation pressures and limited evidence of significant second-round effects. Therefore, the market lowered its expectations for further policy tightening.

The fund's underperformance was driven by its strategic long duration position and overweight in 25-year linkers as the curve slightly steepened over the month. The fund extended its long duration position mainly through buying 30-year US TIPS, 7-year nominal gilts and linkers across the curve. The fund continued to tactically trade nominal gilts. Some of the trading of US TIPS was done on a cross-market basis, versus 30-year UK linkers, whilst some was bought outright as 30-year US TIPS yields approached 3%. We also took part in a syndication of 2038 linkers.

Royal London Investment Grade Short Dated Credit Fund

Bond markets were volatile over the month. Government bond yields generally moved higher as investors weighed a combination of a repricing of the inflationary implications of elevated energy prices on policy rates together with a rise in term premium driven by fiscal/supply concerns against signs of moderating economic growth. Against this negative return backdrop for government bonds, credit markets proved relatively resilient, supported by healthy corporate fundamentals and strong demand for new issuance.

The fund saw negative returns for July and underperformed its benchmark. Overall, stock selection – notably in banks and structured sectors – was the main positive for relative performance while our long duration position hurt returns as yields rose over the month.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies, and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Royal London Short Duration Credit Fund

Bond markets were volatile over the month. Government bond yields generally moved higher as investors weighed a combination of a repricing of the inflationary implications of elevated energy prices on policy rates together with a rise in term premium driven by fiscal/supply concerns against signs of moderating economic growth. Against this negative return backdrop for government bonds, credit markets proved relatively resilient, supported by healthy corporate fundamentals and strong demand for new issuance.

The fund saw negative returns for July but outperformed its benchmark. Overall, stock selection – notably in banks and structured sectors – was the main driver of relative performance while credit sector allocation also supported returns.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies, and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Fixed Income

Royal London Short Duration Gilts Fund

Government bond yields rose across the yield curve in July, detracting from performance given the fund's long duration position. Market volatility increased throughout the month as geopolitical tensions in the Middle East escalated and pushed the oil price back above $90 per barrel. This renewed concerns around the inflation outlook and, in turn, pushed government bond yields higher.

Meanwhile, the Bank of England held interest rates at 3.75% at its July policy meeting, with three MPC members voting for a rate rise, a more hawkish vote split versus June's 7-2. While the MPC highlighted upside inflation risks from higher energy prices, it continued to point to easing underlying inflation pressures and limited evidence of significant second-round effects. The market therefore lowered its expectations for further policy tightening.

Over July, the fund increased duration, taking the opportunity to tactically trade 5-to-7-year gilts. Additionally, July saw significant index changes: the July 2026 gilt matured, and the July 3031 entered the less than 5-year benchmark. The fund tactically traded around these index extension events to add performance where possible. The fund ended the month with no cross-market and no inflation exposure. The fund did sell its small allocation to 2027 linker bonds as nominal yields rose and breakevens widened. This was switched into gilts, as well as funding the index extension.

Royal London Short Duration Global High Yield Bond Fund

Global high yield markets came under pressure in July as government bond yields moved higher and rate volatility increased. Despite a challenging backdrop, spread widening was relatively modest, while government bond yields increased sharply. The move in rates led to a negative return for the broader high yield market.

Primary market activity slowed on the back of the elevated volatility and due to the typical seasonal summer slowdown. US high yield issuance decreased month-on-month by approximately $14.5bn to $19.8bn, while global high yield issuance declined by around $12.7bn to $39.0bn. Issuance continued to be dominated by refinancing activity and was skewed towards higher quality issuers.

Despite a challenging month for broader high yield markets, the fund's shorter duration profile helped insulate performance from interest rate volatility and allowed it to outperform the wider market on a relative basis. The fund saw some of its bonds called during the month such as Verisure and Teamsystems with Constellium being partially called. Cash was spent on new and existing positions such as Ithaca Energy, United Group and Heathrow.

Royal London Short Duration Global Index Linked Fund

Government bond yields rose across the yield curve in July, detracting from performance given the fund's long duration position. Market volatility increased throughout the month as geopolitical tensions in the Middle East escalated and pushed the oil price back above $90 per barrel. This renewed concerns around the inflation outlook and, in turn, pushed government bond yields higher.

The fund's underperformance was driven by its strategic duration position detracting from performance. The fund extended its long duration position during the month, ending more than half a year long versus the benchmark.

The fund trimmed some of its Australian position, taking profit following strong performance and inflation print data. In selling Aussie bonds, we moved to increase our UK exposure, where we looked to add duration through purchases of 2033 nominals. We also bought US TIPS, increasing our exposure to the US market, where we felt yields looked attractive versus peers. We also took part in a syndication of 2038 linkers.

Fixed Income

Royal London Short Term Fixed Income Enhanced Fund

The Bank of England (BoE) left interest rates at 3.75% for a fifth consecutive meeting, reflecting a cautious stance amid persistent inflation risks.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through July. Two-year gilts, often seen as a proxy for market expectations of BoE rates, rose from 4.18% to 4.42% – predominantly due to increased fears of the escalating conflict in Iran and concern that this would result in higher inflation and hence interest rates.

Activity was light in July, although reflecting slightly higher longer maturity money market rates, we added selectively to nine-month and 12-month paper where we felt yields offered value against our models, including Bank of Nova Scotia and Nordea Bank. We also continued to trade short-dated gilts as markets remained volatile.

Royal London Short Term Fixed Income Fund

The Bank of England (BoE) left interest rates at 3.75% for a fifth consecutive meeting, reflecting a cautious stance amid persistent inflation risks.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through July. Two-year gilts, often seen as a proxy for market expectations of BoE rates, rose from 4.18% to 4.42% – predominantly due to increased fears of the escalating conflict in Iran and concern that this would result in higher inflation and hence interest rates.

Activity was relatively light in July, although reflecting slightly higher longer maturity money market rates, we added selectively to six-month, nine-month and 12-month paper where we felt yields offered value against our models, including SEB, Toronto Dominion and Nordea Bank. Within covered bonds, we bought a new issue from Australia and New Zealand Banking – these short-dated, AAA rated floating rate bonds offering an attractive spread over SONIA.

Royal London Short-Term Money Market Fund

The Bank of England (BoE) left interest rates at 3.75% for a fifth consecutive meeting, reflecting a cautious stance amid persistent inflation risks.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through July. Two-year gilts, often seen as a proxy for market expectations of BoE rates, rose from 4.18% to 4.42% – predominantly due to increased fears of the escalating conflict in Iran and concern that this would result in higher inflation and hence interest rates.

With longer money market rates slightly higher, activity was spread across maturities – adding to core exposure in three-month paper from names such as Toronto Dominion and DZ Bank, but also adding selectively to six-month, nine-month and 12-month paper where we felt yields offered value against our models.

Fixed Income

Royal London Sterling Liquidity Money Market Fund

The Bank of England (BoE) left interest rates at 3.75% for a fifth consecutive meeting, reflecting a cautious stance amid persistent inflation risks.

With UK interest rates unchanged over the month, SONIA remained at 3.73% through July. Two-year gilts, often seen as a proxy for market expectations of BoE rates, rose from 4.18% to 4.42% – predominantly due to increased fears of the escalating conflict in Iran and concern that this would result in higher inflation and hence interest rates.

With longer money market rates slightly higher, activity was spread across maturities – adding to core exposure in three-month paper from names such as Toronto Dominion and KfW, but also adding selectively to six-month, nine-month and 12-month paper where we felt yields offered value against our models.

Royal London Sterling Credit Fund

Bond markets were volatile over the month. Government bond yields generally moved higher as investors weighed a combination of a repricing of the inflationary implications of elevated energy prices on policy rates together with a rise in term premium driven by fiscal/supply concerns against signs of moderating economic growth. Against this negative return backdrop for government bonds, credit markets proved relatively resilient, supported by healthy corporate fundamentals and strong demand for new issuance.

The fund saw negative returns for July but outperformed its benchmark, the iBoxx Sterling Non-Gilts All Maturities Index. Overall, stock selection – notably in banks and structured sectors – was the main driver of relative performance while credit sector allocation also supported returns.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies, and remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios.

Royal London Sterling Extra Yield Bond Fund

The fund showed resilience despite a spike in volatility that saw a flare up of US-Iran geopolitical tensions push the oil price back above $90 per barrel. This, in turn, pushed government bond yields higher leading to a weak performance for corporate bonds as higher energy prices stoked up inflation concerns.

The fund’s return was a slight positive, despite both the high yield and investment grade markets seeing negative returns in July. The fund’s high yield and unrated bonds saw a positive return. By sector, our banking and consumer services holdings were the driver of returns.

Despite a slow down in primary markets in July, following typical seasonal effects, the fund remained active. Of interest, the fund took part in a new US dollar denominated issue from recruitment firm Nes Fircroft. The company specialises in recruitment for the energy sector, with bonds issued at a yield of 10%. Additionally, we took part in a new issue within a favoured sector, picking up subordinated bonds from insurer Standard Life, the bond issued with a yield nearing 8%, while also adding subordinated bonds from UK mortgage bank Paragon.

Fixed Income

Royal London UK Government Bond Fund

Government bond yields rose across the yield curve in July, detracting from performance given the fund's long duration position. Market volatility increased throughout the month as geopolitical tensions in the Middle East escalated and pushed the oil price back above $90 per barrel. This renewed concerns around the inflation outlook and, in turn, pushed government bond yields higher.

Meanwhile, the Bank of England held interest rates at 3.75% at its July policy meeting, with three MPC members voting for a rate rise, a more hawkish vote split versus June's 7-2. While the MPC highlighted upside inflation risks from higher energy prices, it continued to point to easing underlying inflation pressures and limited evidence of significant second-round effects. The market therefore lowered its expectations for further policy tightening.

The fund extended its long duration position during the month, ending more than a year long versus the benchmark. The fund continued to tactically trade gilts across the curve but the main contributor to net increase in duration was the outright buying of 30-year US TIPS and 30-year UK real yields. Additionally, the fund tactically traded the volatility in Australian government bonds, buying and selling 10-year bonds.

Royal London Diversified Asset-Backed Credit Fund

The fund showed resilience despite a spike in volatility that saw a flare up of US-Iran geopolitical tensions push the oil price back above $90 per barrel. This, in turn, pushed government bond yields higher leading to a weak performance for corporate bonds as higher energy prices stoked up inflation concerns.

Against this backdrop, the fund produced a slight positive return in the month, well ahead of wider sterling investment grade markets. This was delivered by strong income generation and the dampening impact of duration hedging. In particular, secured bonds continued to perform well at a broad level.

Despite a slowdown in primary markets in July, following typical seasonal effects, the fund remained active. Of interest, the fund took part in a new senior secured issue from automobile services provider the AA, with the issuer also redeeming its shorter dated bonds at a premium to market pricing. In the secondary market, we added to existing holdings in ICSL, backed by UK student loans. Within financials, we added a new issue euro senior bond from US investment bank Jeffries Group, while also adding subordinated bonds from UK mortgage bank Paragon.

Disclaimers

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RL Corporate Bond Fund, RL Investment Grade Short Dated Credit Fund, RL Sterling Credit Fund, RL Global Index Linked Fund, RL UK Government Bond fund, RL Index Linked, RL Short Duration Global Index Linked Fund and RL Short Duration Gilts Fund, RL Short Term Fixed Income Fund, RL Short Term Fixed Income Enhanced Fund, RL Short Term Money Market Fund:

The Funds are sub-funds 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.

RL Ethical Bond Fund, RL Short Duration Credit Fund

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RL Global Bond Opportunities Fund, RL Sterling Extra Yield Bond Fund, RL Global High Yield Bond Fund, RL Short Duration Global High Yield Bond Fund, RL Sterling Liquidity Money Market Fund:

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RL Global Mezzanine ABS Fund, RL Global Senior ABS Fund:

The Fund is a sub-fund of Royal London Asset Management Investment Funds ICAV, an Irish collective asset-management vehicle authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and the AIFM Regulations and has been established as an umbrella fund with segregated liability between Funds. It is not a recognised scheme under the Financial Services and Markets Act 2000. The Management Company is FundRock Management Company SA, Registered office: Airport Center Building, 5, Heienhaff L-1736 Senningerberg, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Investment Manager is Royal London Asset Management Limited.

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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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Risk and Warnings

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.

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.

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.

Derivative risk
The 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.

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
Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.

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.

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.

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.

Unrated bond risk
Non-rated bonds may have the characteristics of either investment or sub-investment grade bonds. Market activity in unrated securities and instruments may be low for a considerable period of time and this may impact on liquidity.

Risk and Warnings

Stable NAV risk

The Fund is not the same as a bank deposit account. It is designed such that it will seek, for the Distribution Classes, to maintain the Net Asset Value per Share at a fixed value by distributing income from the Fund as it arises. However, whilst the Fund's investments are reasonably believed by the Investment Manager to be of high quality, there is always a risk that an underlying issuer could default or otherwise fall in value, resulting in the Fund being unable to maintain the Net Asset Value per Share at a fixed value and therefore a loss of capital will occur. The risk of loss is to be borne by the investor. There is no representation or warranty that the Fund will be able to maintain a stable Net Asset Value per Share.

Inflation risk

Where the income yield is lower than the rate of inflation, the real value of your investment will reduce over time.

Money market fund risk

A Money Market Fund is not a guaranteed investment, and is different from an investment in deposits. The principal invested in the Fund is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the NAV per share.

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.

Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily

affected by events that influence the stockmarket and therefore more volatile.

Leverage risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily

affected by events that influence the stockmarket and therefore more volatile.

Short Term Money Market Fund

The Fund has been authorised as a Variable Net Asset Value (VNAV) MMF and is a short term money market fund in accordance with MMF Regulation. The NAV is calculated using mark to market prices where possible otherwise mark to model prices are used. The redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.

Sterling Liquidity Money Market Fund

The Fund has been authorised as a Low Volatility Net Asset Value (LVNAF) MMF and is a short-term money market fund in accordance with MMF Regulation which seeks to maintain a stable NAV under the condition that the stable NAV does not deviate from the Net Asset Value per share by more than 20 basis points. In case of a deviation of more than 20 basis points between the stable NAV and the Net Asset Value per share, the following redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.