



ASSET MANAGEMENT

Prospectus

for:
Royal London Bond Funds II ICVC
(the "Company")

Royal London Unit Trust Managers Limited
Authorised and regulated by the Financial Conduct Authority

Valid as at 7 August 2019

This document constitutes the Prospectus for the Company which has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook. Copies of this Prospectus have been sent to the FCA and the Depositary.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"ACD"	means the authorised corporate director of the Company, Royal London Unit Trust Managers Limited;
"Act"	means the Financial Services and Markets Act 2000 (as amended from time to time);
"Business Day"	means Monday to Friday (except for a bank holiday in England and Wales) being a day on which the London Stock Exchange is open for trading;
"Cut Off Point"	means in relation to a Valuation Point, if applicable to any Fund, the time on any Dealing Day after which no instructions to purchase, redeem or switch Shares will be accepted and details of which are set out in Section 2 paragraph 4.1;
"Class"	means a class of share in a Fund;
"COLL"	means the Collective Investment Schemes Sourcebook (as amended from time to time);
"Company"	means Royal London Bond Funds II ICVC (which has FCA Product Reference Number (PRN): 820196);
"Conversion"	means the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and "Convert" shall be construed accordingly;
"Dealing Day"	means any day on which Shares may be bought and sold via the ACD. Should any Dealing Day not be a Business Day, dealing will take place on the next practicable Business Day;
"Depository"	means HSBC Bank plc or any successor from time to time;
"EEA"	means the European Economic Area;
"EPM"	<p>or Efficient Portfolio Management, means the use of techniques and instruments which relate to transferable securities and approved money market instruments and which fulfil the following criteria:</p> <ul style="list-style-type: none">(a) they are economically appropriate in that they are realised in a cost effective way; and(b) they are entered into for one or more of the following specific aims:<ul style="list-style-type: none">i) reduction of risk;ii) reduction of cost;iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL, as more fully described in Appendix 2;

"FCA"	means The Financial Conduct Authority or any successor regulator;
"Fund"	means a sub-fund of the Company details of which are set out in Section 1 of this Prospectus;
"Fund Management Fee "	means the fixed management fee as set out in paragraph 8;
"Handbook"	means the FCA's Handbook of rules and guidance, as amended from time to time (in its entirety and including COLL);
"Instrument"	means the instrument of incorporation, as amended from time to time, pursuant to which the Company is governed;
"PRA"	means Prudential Regulation Authority or any successor regulator;
"Regulations"	means the Open Ended Investment Companies Regulations 2001 (as amended from time to time);
"Scheme Property"	means the scheme property of the Company (or of a Fund as the case may be) required under the COLL Sourcebook to be given for safekeeping to the Depositary;
"Share" or "Shares"	means a share or shares in the Company;
"Shareholder"	means a holder of Shares;
"US Person"	means (a) a person who falls within the definition of "US Person" as defined in rule 902 of regulation S of the United States Securities Act 1933, (b) any natural person resident in the United States of America ("U.S." or "USA"); (c) any corporation organised under U.S. law; (d) any partnership organised or existing in any state, territory or possession of the USA; (e) any estate or trust the income of which is subject to U.S. income tax, regardless of source; and (f) any pension plan for the employees, officers or principals of an entity organised or having its principal place of business in the U.S. Notwithstanding the foregoing, any entity organised principally for the purpose of passive investment (such as a pool, investment company or similar entity) shall be deemed to be a U.S. Person unless less than 10% in the aggregate of the beneficial interest in the entity is held by or on behalf of U.S. Persons and the entity was not formed principally for the purpose of facilitating investment by U.S. Persons in a pool with respect to which the pool operator is exempt from certain requirements of Part 4 of the U.S. Commodity Futures Trading Commission's regulations by virtue of the pool's participants being non-U.S. Persons and/or such other persons as the ACD may from time to time deem to be U.S. Persons.
"Valuation Point"	means the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for a Sub-fund for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point of the Sub-funds is 12.00 noon London time on each Dealing Day, with the exception of a bank holiday in England and Wales, or the last

Business Day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary.

SECTION 1 - FUND SPECIFIC INFORMATION

The following information is specific to the individually named Fund and should be read in conjunction with other information contained in Section 2 - Additional Information of this Prospectus. This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Funds. Investors should only consider investing in the Funds if they understand the risks involved including the risk of losing all capital invested.

Fund Name

Royal London Ethical Bond Fund

Investment Objective and Policy

The Fund's investment objective is to achieve a total return (1) over the medium term, which is considered to be a period of 3-5 years, by investing predominantly in sterling-denominated corporate bonds (2), which meet predetermined ethical criteria.

The Fund's performance target is to outperform the Markit iBoxx Sterling Non-Gilt Overall All Maturity Index (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of investment-grade (3) corporate bonds denominated in sterling.

The Index is considered an appropriate benchmark for the Fund's performance, as many of the Fund's potential investments will be included in the Index.

The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the objective.
(A full specification of the ethical criteria is available from the ACD upon request).

Assets

To achieve this objective the Fund may hold other transferable securities, non-sterling bonds, government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may hold derivatives for the purposes of EPM only.

Ethical Criteria and Investments

The Fund's predefined ethical criteria and the

Type of Fund

UCITS

FCA Product Reference Number (PRN):
824504

Authorisation and Launch of Fund

The Fund was authorised on 30 October, 2018.

The Fund was launched on 12 April, 2019.

Investment Manager

Royal London Asset Management Limited

ethical nature of Fund's investments are reviewed on a quarterly basis by the ACD. The ACD operates a screening process which screens out those companies and organisations that, according to internal and external research and analysis, do not meet the agreed ethical criteria. The policy considers all of the following ethical issues: alcohol, armaments, gambling, pornography, tobacco, human rights, animal testing and the environment. The ACD's Reports for the Fund will provide further information. A full specification of the criteria is available from the ACD upon request and is also available upon our website.

In addition to the benchmark for the Fund's performance as noted above (the "Index"), the IA Sterling Corporate Bond sector (4) is considered an appropriate benchmark for performance comparison. Funds in the IA Sterling Corporate Bond sector must invest at least 80% of their assets in investment-grade sterling-denominated corporate bonds. The Fund's own bond exposure will be consistent with these investment parameters. If the ACD believes it is in the best interests of the Fund, it will be removed from the sector.

Notes

1 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.

2 Bonds are defined as fixed-income investments issued as debt by companies and public bodies to raise finance. Investors in bonds receive a previously agreed, non-variable interest payment until the investment matures. Corporate bonds are those issued by companies to raise finance.

3 Investment and sub-investment grade bonds are bonds credit-rating agencies have rated as high quality and low quality, respectively. Lower-quality bonds tend to pay a higher income, but come with a greater risk of default.

Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in this

sector and you can use this to assess the Fund's performance. The data source will be Financial Express.

Minimum Investment Levels and other requirements

(a) Min. Holding and Initial Investment and other requirements

Class M: £100,000
Class R: n/a
Class S: n/a
Class Z: £1,000,000

(b) Min. Subsequent Investment

Class M: £1,000
Class R: n/a
Class S: n/a
Class Z: £50,000

(c) Min. Redemption Amount

Class M: n/a
Class R: n/a
Class S: n/a
Class Z: n/a

(d) Min. Regular monthly Investment

Class M: n/a
Class R: n/a
Class S: n/a
Class Z: n/a

The ACD reserves the right to set a higher minimum investment level for certain authorised fund products within the Group.

Management Charges

(a) ACD's Preliminary Charge

Class M: 0.00%
Class R: 0.00%
Class S: 0.00%
Class Z: 0.00%

(b) Fund Management Fee

Class M: 0.55% p.a.
Class R: 0.10% p.a.
Class S: 0.10% p.a.
Class Z: 0.40% p.a.

* In advance of accepting investment into the Fund, the ACD will agree a separate fee with

ACD's Reports

Annual: 31 May
Half Yearly: 30 September

Income Payment Dates

Final: 31 March
Interim: 30 June, 30 September, 31 December

Accounting Dates

Final: 31 January
Interim: 31 July

Income

This Fund pays income distributions four times a year (see dates above). For more information on how income is determined and paid, and for details of what happens to unclaimed distributions, see Section 2 paragraph 7 ("How Distributable Income is Determined and Paid").

Investor Profile

This Fund is marketable to all retail and institutional investors.

It is suitable for investors who have an ethical criteria for investing and are seeking income on a regular basis and to maintain their capital.

Availability for Individual Savings Account (ISA)

The Fund is not available within a Royal London ISA.

potential investors which is not payable out of the property of the Fund and which is subject to negotiation by the ACD.

Charges will be deducted equally from income and capital.

Type of Shares

Class M Income Shares

Class M Accumulation Shares

Class R Accumulation Shares**

Class S Income Shares

Class S Accumulation Shares

Class Z Income Shares

**Class R Shares are available only to affiliates of the ACD

*** Class S Shares are only available at the discretion of the ACD and to those investors who agree a separate fee agreement with the ACD.

Pricing

This Fund is single priced.

Base Currency

Sterling £

General

As a Shareholder you are entitled to a copy of the latest report & accounts and the KIID for this Fund at any time, available on request.

As a Shareholder you have voting rights, see Section 2 paragraph 6.3 ("Voting") for further details.

Fund Name**Royal London Short Duration Credit Fund****Investment Objective and Policy**

The Fund's investment objective is to achieve a total return (1) over the medium term, which should be considered as a period of 3-5 years, by predominantly investing in sterling-denominated bonds, which will primarily be short-duration (5 years or less) (2).

The Fund's performance target is to outperform the ICE Bank of America Merrill Lynch 1-5 Year Sterling Non-Gilt Index (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of short-dated sterling-denominated bonds, not including those issued by the UK government (gilts) (3).

The Index is considered an appropriate benchmark for the Fund's performance, as the Fund's potential investments will predominantly be included in the Index.

The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the objective.

Assets

To achieve this objective the Fund will invest predominantly in sterling corporate bonds, including floating rate notes, and will, overall, have a target duration of less than five years. The Fund may also invest in other debt securities such as non-sterling corporate bonds, government and public securities and money market instruments, and also in other transferable securities, cash, near cash and collective investment schemes (including those within the Royal London group) as the Investment Manager deems appropriate. The debt securities in which the Fund invests may be investment grade or non-investment grade.

It may hold derivatives for the purposes of EPM only.

In addition to the benchmark for the Fund's performance as noted above (the "Index"), the IA Sterling Strategic Bond sector (4) is considered an appropriate benchmark for

Type of Fund

UCITS

FCA Product Reference Number (PRN): 824505

Authorisation and Launch of Fund

The Fund was authorised on 30 October, 2018.

The Fund was launched on 12 April, 2019.

Investment Manager

Royal London Asset Management Limited

performance comparison. Funds in the IA Sterling Strategic Bond sector must invest at least 80% of their asset in sterling-denominated bonds, which closely follows the Fund's own investment policy. If the ACD believes it is in the best interests of the Fund, it will be removed from the sector.

Notes

1 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.

2 Bonds are fixed-income investments issued as debt by companies and public bodies to raise finance. Bonds pay out a previously agreed, non-variable interest payment until that investment reaches maturity. Duration is an investment's sensitivity to interest-rate changes measured in years.

3 UK government bonds are those issued by the UK government or other UK public body, not by corporations.

4 Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Fund's performance. The data source will be Financial Express.

Minimum Investment Levels and other requirements

(a) Min. Holding and Initial Investment and other requirements

Class M: £100,000
Class R: n/a
Class S: n/a
Class Z: £1,000,000

(b) Min. Subsequent Investment

Class M: £1,000
Class R: n/a
Class S: n/a
Class Z: £50,000

(c) Min. Redemption Amount

ACD's Reports

Annual: 31 May
Half Yearly: 30 September

Income Payment Dates

Final: 31 March
Interim: 30 September

Accounting Dates

Final: 31 January
Interim: 31 July

Income

This Fund pays income distributions twice a year (see dates above). For more information on how income is determined and paid, and for details of what happens to unclaimed distributions, see Section 2

Class M: n/a
Class R: n/a
Class S: n/a
Class Z: n/a

(d) Min. Regular monthly Investment

Class M: n/a
Class R: n/a
Class S: n/a
Class Z: n/a

The ACD reserves the right to set a higher minimum investment level for certain authorised fund products within the Group.

Management Charges

(a) ACD's Preliminary Charge

Class M: 0.00%
Class R: 0.00%
Class S: 0.00%
Class Z: 0.00%

(b) Fund Management Fee

Class M: 0.35% p.a.
Class R: 0.10% p.a.
Class S: 0.10% p.a.
Class Z: 0.31% p.a.

* In advance of accepting investment into the Fund, the ACD will agree a separate fee with potential investors which is not payable out of the property of the Fund and which is subject to negotiation by the ACD.

Charges will be deducted from capital.

Type of Shares

Class M Accumulation Shares
Class M Income Shares
Class R Accumulation Shares**
Class S Income Shares***
Class S Accumulation Shares***
Class Z Accumulation Shares
Class Z Income Shares

**Class R Shares are available only to affiliates of the ACD

*** Class S Shares are only available at the discretion of the ACD and to those investors who agree a separate fee agreement with the ACD.

Pricing

paragraph 7 ("How Distributable Income is Determined and Paid").

Investor Profile

This Fund is marketable to all retail and institutional investors.

It is suitable for investors that have a requirement or desire to invest in shorter-dated fixed income assets.

Availability for Individual Savings Account (ISA)

The Fund is not available within a Royal London ISA.

This Fund is single priced.

Base Currency

Sterling £

General

As a Shareholder you are entitled to a copy of the latest report & accounts and the KIID for this Fund at any time, available on request.

As a Shareholder you have voting rights, see Section 2 paragraph 6.3 ("Voting") for further details.

SECTION 2 – ADDITIONAL INFORMATION

1. The Company

1.1 General

Royal London Bond Funds II ICVC (the “Company”) is an umbrella investment company with variable capital incorporated in England and Wales under registered number IC001128 and authorised by the FCA with effect from 30 October, 2018. The FCA product reference for the Company is 820196. The Company has an unlimited duration.

The Company is a UCITS umbrella scheme.

Shareholders are not liable for the debts of the Company.

All communications in relation to this Prospectus shall be in English. The ACD is also the manager of certain authorised unit trusts and the authorised corporate director of certain open-ended investment companies, details of which are set out in Appendix 3.

1.2 Head Office

The head office of the Company is at:

55 Gracechurch Street
London
EC3V 0RL

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

1.3 Base Currency

The base currency of the Company is pounds sterling (£).

1.4 Share Capital

Maximum £100,000,000,000

Minimum £100

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Value.

Shares in the Company may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

1.5 Funds

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the

introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class. Please note that approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Funds as an investment.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund. Details of the Funds, including their investment objectives and policies, are set out in Section 1.

The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix 1. A detailed statement of the general investment and borrowing restrictions in respect of each type of Fund is set out in Appendix 2.

Each Fund is a segregated portfolio to which that Fund's assets and liabilities are attributable. The assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Fund.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.

2. Management and Administration

2.1 Authorised Corporate Director

The Authorised Corporate Director (the "ACD") of the Company is Royal London Unit Trust Managers Limited, a company limited by shares incorporated in England and Wales on 14 April 1989, registered no. 2372439, whose ultimate holding company is The Royal London Mutual Insurance Society Limited, a company incorporated in England and Wales, registered no. 99064.

The ACD is authorised and regulated by the Financial Conduct Authority and is authorised to carry out designated investment business and the marketing of authorised funds in the United Kingdom by virtue of that membership.

Share Capital: The issued share capital of the ACD is £600,000 made up of 600,000 ordinary £1 shares, all of which are fully paid.

Directors:	Andrew Carter
	Andrew Hunt
	Rakesh Kumar
	Catherine Read
	Susan Spiller
	Rob Williams

The above named directors are all executive directors of the ACD and are involved in the management of other companies within the Royal London group of companies.

Registered Office: 55 Gracechurch Street
London
EC3V 0RL

Place of Business: 55 Gracechurch Street
London
EC3V 0RL

Administration Centre: DST
PO Box 9035
Chelmsford
Essex
CM99 2XB

Other aspects of administration are outsourced to HSBC Bank plc, 8 Canada Square, Canary Wharf, London, E14 5HQ who undertake the Fund Pricing and Fund Accounting activities.

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after the expiry of three years from the date of incorporation of the Company on not less than twelve months' written notice or earlier upon the happening of certain specified events. The ACD Agreement terminates automatically if the ACD ceases to be director of the Company or the Company is wound up.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 8 ("Expenses of the Funds").

The ACD is under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is also the operator of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix 3.

2.2 Depositary

Information about the Depositary

The Depositary, HSBC Bank plc, is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Depositary's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Depositary is the provision of financial services, including trustee and depositary services. The Depositary is authorised by the PRA and regulated by the PRA and the FCA.

Terms of appointment

Pursuant to the depositary services agreement dated 5th April 2019 between the Company, the ACD and the Depositary (the "Depositary Services Agreement") and for the purposes of and in compliance with UCITS V and the Handbook, the Depositary has been appointed as depositary to maintain the safe custody of the Scheme Property and to fulfil other duties required in the Regulations, as set out in the Key Duties of the Depositary below. The appointment of the Depositary under the Depositary Services Agreement may be terminated without cause by not less than six months' written notice provided that the Depositary Services Agreement does not terminate until a replacement Depositary has been appointed.

Key Duties of the Depositary

The Depositary's duties include the following:

- (i) ensuring that the Fund's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to shares of the Funds have been received;
- (ii) safekeeping of the Scheme Property, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly;
- (iii) ensuring that issues, redemptions and cancellations of the shares of each Fund are carried out in accordance with the Instrument of Incorporation, the Prospectus, and applicable law, rules and regulations;
- (iv) ensuring that in transactions involving Scheme Property any consideration is remitted to the Funds within the usual time limits;
- (v) ensuring that the value of the shares of the Funds is calculated in accordance with applicable law and the relevant Handbook provisions;
- (vi) carrying out the instructions of the ACD unless they conflict with the Instrument, the Prospectus, or applicable law, rules and regulations; and
- (vii) ensuring that a Fund's income is applied in accordance with applicable law and the relevant Handbook provisions.

Delegation of safekeeping function

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement. The Depositary has delegated to the delegates listed in Appendix 5 the custody of certain Scheme Property entrusted to the Depositary for safekeeping in accordance with the terms of written agreements between the Depositary and those delegates.

Conflicts

Actual or potential conflicts of interest may arise between the Funds, the Shareholders, ACD and the Depositary. For example such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which

provides other products or services to a Fund. The Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to Funds, or may have other clients whose interests may conflict with those of Funds, the Shareholders or the ACD.

The Depositary and any of its affiliates may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to a Fund. This includes, for example, circumstances in which the same entity as the Depositary or any of its affiliates or connected persons: acts as administrator to a Fund in question; provides stock lending services, foreign exchange facilities, credit facilities, transaction or settlement services to a Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to an issuer of the investments of a Fund in question; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of a Fund; or earns profits from or has a financial or business interest in any of these activities.

The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to a Fund than if the conflict or potential conflict had not existed.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest.

For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Company and the Funds and from which fees and profits in relation to the provision of those products or services may arise and from which the Depositary may benefit directly or indirectly. In addition, the Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Company and the Funds, or may have other clients whose interests may conflict with those of the Company, the Funds and the Shareholders.

In particular, HSBC Bank plc may provide foreign exchange services to the Company and the Funds for which they are remunerated out of the property of the Funds. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the of the Fund in question, provide broking services to the Funds and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Company and the Funds; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Company and the Funds, or earns profits from or has a financial or business interest in any of these activities.

The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Company and the Funds than if the conflict or potential conflict had not existed.

Included in the Depositary's conflict of interest policy are procedures to identify, manage and monitor on an on-going basis any potential conflict of interest involving its delegates. The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored.

Up to date information regarding the name of the Depositary, any conflicts of interest and delegations of the Depositary's safekeeping functions will be made available to Shareholders on request.

Shareholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

A summary of the fees payable to the Depositary is given in Paragraph 8 (Fund Management Fee) below.

Liability of the Depositary

In general, the Depositary is liable for losses suffered by the Funds as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Funds for the loss of financial instruments of the Funds which are held in its custody. The Depositary will not be indemnified out of the Scheme Property for the loss of financial instruments.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

The Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Depositary's liability under UCITS Legislation and the relevant Handbook provisions the ACD will inform Shareholders of such changes without delay.

2.3 Investment Manager

The Investment Manager to the Company is Royal London Asset Management Limited, a company limited by shares and incorporated in England and Wales, registered no 2244297. Its ultimate holding company is The Royal London Mutual Insurance Society Limited, the same as that of the ACD. The Investment Manager is authorised to carry out designated investment business in the United Kingdom by virtue of the fact that it is authorised and regulated by the Financial Conduct Authority. The Investment Manager's principal activity is investment management.

Registered Office:	55 Gracechurch Street
	London
	EC3V 0RL

The appointment of the Investment Manager has been made under an agreement between the ACD and the Investment Manager (the "Investment Management Agreement"). The Investment Manager is appointed to make investment decisions on behalf of the ACD in relation to the property of the Funds within the limits stipulated by the Act, the Rules and the investment objectives of each Fund. Deals in respect of these investment decisions are instructed by the Investment Manager through unconnected brokers, on an arm's length basis, with no commission being payable to the Investment Manager. The Investment Management Agreement shall continue in effect until terminated by either party.

The terms of the Investment Management Agreement include the provision of investment management to attain the investment objectives of the Funds, the purchase

and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. Subject to the agreement of the ACD, the Investment Manager may appoint Sub-Investment Managers to discharge some or all of these duties. The Investment Management Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events or immediately by the ACD if it decides that it is in the best interests of Shareholders to do so.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Funds as explained in paragraph 8 ("Expenses of the Funds"). Any third party research received in connection with investment management services that the Investment Manager provides to the Funds will be paid for by the Investment Manager.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

2.4 Registrar

The Registrar appointed by the ACD to maintain the Register of Shareholders of the Company is:

DST Financial Services Europe Limited
DST House
St Nicholas Lane
Basildon
Essex
SS15 5FS

The Register of Shareholders will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

2.5 Auditors

The Auditors appointed by the ACD are:

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

2.6 Stock Lending Agent

HSBC Bank plc carries out stock lending in respect of the Funds pursuant to an agreement with the ACD, whereby it has discretion to take day to day decisions in relation to the stock lending activities of the Funds, without prior reference to the ACD. HSBC Bank plc is separately remunerated for this service. See Paragraph 8.4 of this Section 2 and Paragraph 44.11 of Appendix 2.

3. Characteristics of Shares in the Funds

Shares in the Funds

There are two types of shares permissible under the Instrument - income and accumulation. Section 1 will specify whether a particular Fund will issue income or accumulation shares.

Accumulation shares: accumulate income within the Fund's property. Each accumulation share represents an equal share in the relevant Fund.

Income shares: distribute income. Each income share represents an equal share in the relevant Fund.

The purchase of Shares in a particular Fund entitles the holder to participate in the property of that Fund and receive a proportion of any distributable income, which in the case of accumulation shares, shall be represented by an increase in the value of the Shares.

Currently all dividend and interest distributions are paid without deduction of tax.

3.1 Classes of Shares

The Instrument permits the Company to issue various classes of Shares. The Funds currently issue Class M Shares, Class R Shares, Class S Shares, and Class Z Shares. These are distinguished by their criteria for subscription and fee structure. See Section 1 for further details.

Where a Fund has different classes of Shares any class may attract different charges and so monies may be deducted in unequal proportions. In such circumstances the proportionate interests of the classes within a Fund will be adjusted accordingly.

The ACD may carry out a compulsory Conversion of some or all of the Shares of one Class into another Class where it reasonably believes it is in the best interests of Shareholders (for example, to merge two existing share classes). The ACD will give Shareholders written notice as required before any compulsory Conversion is carried out.

3.2 The Register of Shares

The ACD has appointed DST Financial Services Europe Limited to establish and maintain a register of Shareholders for each Fund and the register can be inspected free of charge at DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS during normal office hours. The register of Shareholders shall be conclusive evidence as to the persons entitled to the Shares entered in the register. No notice of any trust, express, implied or constructive, shall be entered on the register of Shareholders in respect of any Share and the ACD and the Depositary shall not be bound by any such notice.

4. The Issue and Redemption of Shares

4.1 Application to Purchase Shares

Investors may purchase Shares in a Fund by application in writing and/or by telephone on any UK Business Day between 9.00 a.m. and 5.00 p.m. (except on Bank Holidays and the afternoons of the Business Day preceding 25 December and 1 January). The property of each Fund is normally valued at 12 noon each day for the purpose of

determining the issue, redemption and cancellation prices of Shares. For all Funds, all deals will be effected at the price calculated by reference to the next Valuation Point.

For all Funds dealing instructions received before 12.00 noon on any Dealing Day will be dealt with at the valuation point on that day and any dealing instructions received on or after 12.00 noon will be held over to be dealt with at the 12.00 noon valuation point on the following Dealing Day.

- (i) **Application in Writing:** Investors should complete an application form available from the ACD and send it to the ACD at its Administration Centre with a cheque payable to ROYAL LONDON UNIT TRUST MANAGERS LIMITED. On acceptance of the application, Shares will be sold at the relevant offer price, and a contract note confirming the sale price and the number of Shares sold together with, in appropriate cases, a notice of the applicant's right to cancel, will be issued.
- (ii) **Application by Telephone:** Shares may be purchased by existing investors by telephone either through a professional adviser or direct to the ACD's Dealing Department (Dealers Tel. 03456 04 04 04). On acceptance of telephone instructions Shares will be sold at the relevant offer price and a contract note will be despatched. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 17.14 ("Telephone Recording") for further information.
- (iii) **Application by electronic messaging systems:** Shares may be purchased via electronic messaging systems used by the ACD, such as EMX or Calastone, through a professional adviser. On acceptance of the electronic deal Shares will be sold at the relevant offer price calculated at the next Valuation Point and a contract note will be despatched.

Settlement of purchases is due within three Business Days of the Dealing Day on which the order was accepted by the ACD.

The ACD may, at its absolute discretion, accept assets in the form of securities in part satisfaction of the cash price from investors wishing to buy Shares.

For customers paying by cheque, payment is due on receipt of the contract note and cheques, made payable to ROYAL LONDON UNIT TRUST MANAGERS LIMITED together with the Name Ticket giving full registration details, should be returned to the ACD at its Administration Centre.

Default by a purchaser in payment of any monies under the purchaser's application will entitle the Depositary to cancel any rights of the purchaser in the Shares. In the case of default, the ACD will hold the purchaser liable, or jointly and severally liable with any agent of the purchaser, for any loss sustained by the ACD as a consequence of a fall in the price of Shares.

The ACD reserves the right to reject any application for Shares in whole or in part in which case the application money or any balance will be returned by post at the risk of the applicant. The ACD would only expect to reject an application for Shares when this would be in the interests of Shareholders in the relevant Fund.

Any money we hold on your behalf will be held in a client money bank account. Interest will not be paid on this balance.

4.2 Dealing Charges

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

4.2.1 Initial Charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Fund as set out in Section 1. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Class may only be increased in accordance with COLL.

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries including the Investment Manager and its Associates.

4.2.2 Redemption Charge

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

The ACD may only introduce a redemption charge in accordance with COLL. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

4.2.3 Charges on Switching

On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching.

The ACD's current policy is to only levy a charge on switching between Funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares. There is currently no charge for switching Shares in one Class of a Fund for Shares in another Class of the same Fund.

4.2.4 Dilution

The actual cost of purchasing, selling or switching underlying investments in a Fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Fund's underlying investments. These dealing costs could have an adverse effect on the value of a Fund, known as "dilution". In order to mitigate the effect of dilution COLL allows the ACD to make a dilution levy on the purchase, redemption or Switch of Shares in a Fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to

be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the relevant Fund.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time. The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Fund is in continual decline; on a Fund experiencing large levels of net purchases relative to its size; on "large deals" (being a purchase or redemption of Shares to a size exceeding 1% of the Net Asset Value of the relevant Fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections and on its experience of managing the Company the ACD does not generally expect to impose a dilution levy. The ACD does however reserve the right to impose a dilution levy in such circumstances where it considers that the dealing costs relating to a Shareholder transaction are significant and will have a material impact on the relevant Fund.

For illustrative purposes, based on future projections, the dilution levy rates expected to be applied are as follows:

<i>Fund</i>	<i>Current dilution levy rate expected to be applied</i>
Royal London Ethical Bond Fund	0.52%
Royal London Short Duration Credit Fund	0.52%

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in COLL.

4.3 **Redeeming Shares**

Shareholders may redeem Shares in a Fund in writing and/or by telephone daily between 9.00 a.m. and 5.00 p.m. on each Business Day (except on Bank Holidays and the afternoons of the Business Day preceding 25 December and 1 January).

For all Funds dealing instructions received before 12.00 noon on any Dealing Day will be dealt with at the Valuation Point on that day and any dealing instructions received on or after 12.00 noon will be held over to be effected dealt with at the 12.00 noon Valuation Point on the following Dealing Day.

Shareholders may redeem Shares in a Fund subject to the aforementioned policy on pricing, in the following manner:

- (i) **Notice in Writing:** To redeem Shares, investors should provide a written instruction to the ACD at its Administration Centre with instructions to redeem the

relevant number of Shares. The Shares will be repurchased at the price calculated at the Valuation Point following receipt.

- (ii) **Notice by Telephone:** Shares may be redeemed by telephone either through a professional adviser or direct to the ACD's Dealing Department (Dealers Tel. 03456 04 04 04). On acceptance of telephone instructions, Shares will be repurchased at the relevant price calculated at the next Valuation Point and a contract note will be despatched. Shareholders wishing to redeem should then return a signed form of renunciation to the ACD, confirming in writing the telephone instructions to redeem the relevant number of Shares. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes. Please see paragraph 17.14 ("Telephone Recording") for further information.
- (iii) **Notice by electronic messaging system:** Shares may be redeemed via electronic messaging systems used by the ACD, such as EMX or Calastone, through a professional adviser. On acceptance of the electronic deal Shares will be repurchased at the relevant price calculated at the next Valuation Point and a contract note will be despatched.

Proceeds of redemption (less, if the proceeds are to be remitted abroad, the cost of such remittance) will be paid no later than the close of business on the third Business Day following receipt and acceptance of a signed form of renunciation.

If the Shares were only recently acquired the ACD reserves the right to extend the settlement period to the tenth Business Day following receipt of a signed form of renunciation. This applies to (i) and (ii) above and in the event of a cancellation notice received within the 14 day period.

4.4 **Transfer of Shares**

Subject to any restrictions in this Prospectus, Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

The ACD currently accepts transfers of title (including renunciation of title in the case of a redemption) to Shares on the authority of electronic instructions transmitted via electronic messaging system. These systems are operated by third party companies and are only available to persons who have entered into agreements with those third party companies. Where instructions are provided by permitted electronic means (as set out above), the ACD (or its delegate):

- (a) must be satisfied that any electronic instructions purporting to be made by a prospective investor or his agent are in fact made that person;
- (b) may require the party providing those instructions to provide such further information to the ACD as it considers necessary to satisfy itself as to the authenticity of instructions; and
- (c) reserves the right to reject or delay the processing or acceptance of such instructions until it is satisfied as to their authenticity.

4.5 Issues of Shares in Exchange for In-Specie Assets and In-Specie Redemption

The ACD may arrange for the Company to issue Shares in exchange for assets as well as cash, but will only do so where the amount represents a substantial amount of assets and where it and the Depositary are satisfied that the relevant Fund's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the relevant Fund.

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Fund or in some way detrimental to a Fund, arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer, so that the Shareholder can require the net proceeds from the sale of the relevant Scheme Property (rather than the Scheme Property itself) if the Shareholder so desires.

The ACD will select the property to be transferred in consultation with the Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders. Whether the property is transferred or sold there shall be deducted from it a cash amount which would have normally been borne by the Fund on a sale of the property.

4.6 Deferred Redemption

If outstanding redemption requests from all holders of Shares of a particular Fund on any Dealing Day total an aggregate of more than 10% of the Net Asset Value of all the Shares of such Fund in issue on such Dealing Day, the Company shall be entitled at its discretion to refuse to redeem such number of Shares in issue in that series on that Dealing Day in excess of 10% in respect of which redemption requests have been received as the Directors shall determine. If the Company refuses to redeem Shares for this reason, the requests for redemption on such date shall be reduced on a pro-rata basis and the Shares to which each request relates which are not redeemed shall be redeemed on each subsequent Dealing Day in priority to any request received thereafter, provided that the Company shall not be obliged to redeem Shares representing more than 10% of the Net Asset Value of a particular Fund outstanding on any Dealing Day, until all the Shares of the Fund to which the original request related have been redeemed.

4.7 Restriction and Compulsory Transfer and Redemption

The ACD may from time to time take such action or impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person (including a US Person) in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory (including the United States of America) or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (i) are held, directly or indirectly, by or on behalf of US Persons and such Shareholder is unable to provide satisfactory evidence to the contrary; or
- (ii) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (iii) would result in a Fund incurring any liability to taxation which the Fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iv) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

or if the ACD is not satisfied that any Shares may not give rise to a situation discussed in (i), (ii), (iii) or (iv), the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with COLL.

If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

This may include a situation in which a Shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in (i), (ii), (iii) or (iv) above.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, notify the ACD and unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

4.8 Switching Shares

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("the Original Shares") for Shares of another Class or Fund ("the New Shares") in the Company. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

A Shareholder may also at any time, subject to eligibility, switch all or some of his shares in a Fund for units or shares into another authorised fund operated by the ACD (for a list of these funds see Appendix 3) and in such cases a discount in the level of any preliminary charge may be negotiated with the ACD. Such a discount will be entirely at the ACD's discretion.

For all Funds dealing instructions received before 12.00 noon on any Dealing Day will be dealt with at the Valuation Point on that day and any dealing instructions received on or after 12.00 noon will be held over to be dealt with at the 12.00 noon Valuation Point on the following Dealing Day.

Telephone switching instructions may be given but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before switching is effected. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes. Please see paragraph 17.14 ("Telephone Recording") for further information.

The ACD may at its discretion make a charge on the switching of Shares between Funds or Classes. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers.

On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching.

The ACD's current policy is to only levy a charge on switching between Funds that is no more than the excess of the initial charge (if any) applicable to New Shares over the initial charge applicable to the Original Shares. There is currently no charge for switching Shares in one Class of a Fund for Shares in another Class of the same Fund. (Note that the Shareholder must meet the eligibility criteria in order to switch to the other class of the same Fund).

If a partial switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such Conversion) or refuse to effect any switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Fund or Funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that under UK tax law a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a disposal of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances. However, a switch of Shares from one Class to another within the same Fund is not treated as a disposal of the Original Shares for the purposes of UK capital gains taxation.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

4.9 Suspension of Issue, Cancellation, Redemption and Sale of Shares

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

4.10 Publication of Prices

The most recent prices of each Fund are currently published daily on the following websites: www.rlam.co.uk, www.royallondon.com, www.trustnet.com. The most recent prices of each Fund can also be obtained by calling 0345 602 3604 which is charged at local rates.

Shares in the Funds are not listed or dealt in or on any investment exchange.

4.11 Money Laundering

Under current UK Money Laundering Regulations, the Handbook and the current Joint Money Laundering Steering Group guidance or equivalent to implement the EC Directive, Royal London Unit Trust Managers Limited is required to undertake various checks on all transactions.

These checks involve the need to obtain independent documentary verification of the identity and permanent address of the person applying to open the account, and of any third party making payments into the account. The checks may include an electronic search of information held about such a person, which can incorporate information held on the electoral roll and the use of credit reference agencies. Completion of our application forms represents permission from you to access this information, in accordance with the General Data Protection Regulation (Regulation (EU) 2016/679 of

the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation.

We are also required to record details of all beneficial owners of investments (i.e. in circumstances where one person owns these investments acting on behalf of another person, for example a trustee, we will need information on the person(s) on whose behalf the investments are held). Consequently we also need this information to be provided.

4.12 Cancellation Rights

Where a person purchases Shares the Conduct of Business Sourcebook Instrument 2001 (as amended from time to time) may give the investor the right to cancel the relevant purchase within 14 days of receipt of the requisite notice of a right to cancel. The right to cancel does not arise if (a) the investor is not a private customer, (b) the investor is an execution-only customer, (c) the agreement to purchase is entered into through a direct offer financial promotion, or (d) the agreement is entered into under a customer agreement or during negotiations (which are not ISA related) intended to lead to a client agreement.

4.13 Minimum Values

Various minima may apply to transactions in each Fund, although (subject to COLL) these minima may be varied at the discretion of the ACD.

- (1) The minimum value of Shares held by any one Shareholder is shown in Section 1.
- (2) The minimum values which may be the subject of any one purchase transaction (excluding savings schemes) for an initial purchase and for a subsequent purchase is also shown in Section 1.
- (3) The minimum value of Shares which may be the subject of any one sale transaction is shown in Section 1 (subject to the resulting balance of Shares held by such Shareholder being not less than the minimum holding).
- (4) The minimum values shown in Section 1 are further subject to a minimum holding of 500 Shares.

The ACD may exercise the right to redeem the remaining shares of a holding that has dropped below the minimum, which is shown in Section 1. These limits may be waived or reduced on a case by case basis at the ACD's discretion and no mandatory policy exists.

4.14 Market Timing

The repeated purchasing and selling of Shares in response to short-term market fluctuations is known as "market timing" or "late trading". Shares in a Fund are not intended for market timing or late trading. The ACD has a policy to prevent market timing and late trading. As part of its policy, the ACD may refuse to accept an application for Shares from persons that they reasonably believe are engaged in market timing or late trading.

4.15 Non Certificated Funds

All Funds are non-certificated and no share certificates are issued. Title to the shares is evidenced by entries on the relevant Register of Shareholders which is maintained by the Registrar. Shareholders will receive a statement of their holdings twice per year.

5. Valuation

5.1 Daily Valuations

For the purposes of determining the prices at which Shares may be purchased from or redeemed by the ACD, the ACD will carry out a valuation of the property of the Funds at the Valuation Point (12.00 noon UK time) on each Business Day, unless otherwise agreed by the Depositary. However, the ACD may, at its discretion value the Funds at any other time.

For the purposes of preparing past performance data only, an additional valuation of the property of the Funds is carried out (under the same methodology as valuations carried out at the 12.00 noon Valuation Point) at 5.00 p.m. on the last Business Day of each calendar month. In particular, this will not be a Valuation Point for the purpose of dealing in Shares.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to COLL, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Fund and the amount of any dilution levy or taking into account any dilution adjustment applicable in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by 12.00 noon on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

5.2 Calculation of the Net Asset Value

5.2.1 The value of the Scheme Property of the Company or Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

5.2.2 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

5.2.3 Property which is not cash (or other assets dealt with in paragraph 5.2.4) or a contingent liability transaction shall be valued as follows and the prices used shall be (subject as follows) the most recent prices which it is practicable to obtain:

5.2.3.1 units or shares in a collective investment scheme:

- (a) if, a single price for buying and selling units or shares is quoted, at the most recent such price; or
 - (b) if, separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price excludes any exit or redemption charge attributable thereto; or
 - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable (and for the value of units or shares in funds of which it is also the authorised fund manager, the ACD accordingly uses those funds' prices calculated to a greater number of significant figures than the published prices, which are expressed in accordance with the requirements of COLL so they are accurate to at least four significant figures);
- 5.2.3.2 any other transferable security:
 - (a) if, a single price for buying and selling the security is quoted, at that price; or
 - (b) if, separate buying and selling prices are quoted, the average of those two prices; or
 - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exist or if the most recent price available does not reflect the ACD's best estimate of the value of the securities, at a value which in the opinion of the ACD is fair and reasonable;
- 5.2.3.3 property other than that described in 5.2.3.1 and 5.2.3.2 above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 5.2.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall normally be valued at their nominal values.
- 5.2.5 Property which is a contingent liability transaction shall be treated as follows:
 - 5.2.5.1 if a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and Depositary;
 - 5.2.5.2 if an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

- 5.2.5.3 if any other form of contingent liability transaction, it will be included at the mark to market value (whether as a positive or negative value). If the property is an off-exchange derivative, it shall be included at a method of valuation agreed between the ACD and Depositary.
- 5.2.6 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 5.2.7 Subject to paragraphs 5.2.8 and 5.2.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset value amount.
- 5.2.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.2.7.
- 5.2.9 All agreements are to be included under paragraph 5.2.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 5.2.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any foreign taxes and duties will be deducted.
- 5.2.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 5.2.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 5.2.13 An estimated amount for accrued claims for repayments of tax of whatever nature to the Company which may be recoverable will be added.
- 5.2.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 5.2.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 5.2.16 The amount of any adjustment deemed necessary by the ACD to ensure that the Net Asset Value is based on the most recent information and is fair to all Shareholders will be added or deducted as appropriate.
- 5.2.17 Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to

result in any material prejudice to the interests of Shareholders or potential Shareholders.

5.3 The Price of Shares in each Fund and each Share Class

The Funds are single priced. The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point (or where a Cut Off Point applies, at the next applicable Valuation Point) after the purchase or redemption is deemed to be accepted by the ACD.

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Fund at a time when more than one Class is in issue in respect of that Fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Fund in question calculated in accordance with the Instrument of Incorporation.

5.4 Fair Value Pricing

Where the ACD has reasonable grounds to believe that:

- (a) no reliable price exists for a security at a Valuation Point; or
- (b) the most recent price available does not reflect the ACD's best estimate of the value of the security at the Valuation Point,

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstances which may give rise to a fair value price being used include:

- (a) no recent trade in the security concerned; or
- (b) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In determining whether to use such a fair value price, the ACD will include in its consideration:

- (a) the type of Fund;
- (b) the securities involved;
- (c) the basis and reliability of the alternative price used; and
- (d) the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

5.5 Box Management

The ACD's primary objective in managing the box is to provide an efficient and orderly market for the Funds. The generation of profit is not a primary driver or intention and is not detrimental to investors.

Any profits and/or losses which the ACD does make in connection with the sale and repurchase of Shares will be retained by the ACD.

The ACD is under no obligation to account to the Depositary or to the Shareholders (or any of them) for any profits made by the ACD on the issue of Shares in the Fund or on the re-issue or cancellation of Shares previously redeemed by the ACD.

6. Shareholder Meetings

The Company shall not hold annual general meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of such Shares.

6.1 Notice and Quorum

Shareholders will receive at least fourteen days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one Shareholder present in person. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses. In the case of joint named holders the notice will be sent to the first named holder.

6.2 Shareholders

Shareholders for these purposes mean those Shareholders on the Shareholder register or a date seven days before the notice of the meeting is sent out.

6.3 Voting

The following provisions apply to voting at a general meeting:

- (a) At meetings of Shareholders an extraordinary resolution (meaning a resolution carried by a majority consisting of 75% of the total number of votes cast for and against such resolution) put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Depositary or by one or more holders present in person or by proxy.
- (b) Except where the COLL Sourcebook or the Instrument requires an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed), any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.
- (c) Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
- (d) If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

- (e) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken at such time and place as the chairman directs.
- (f) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (g) On a show of hands every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote.
- (h) On a poll every Shareholder who is present in person or by proxy shall have one vote for every complete Share and a further part of one vote proportionate to any fraction of a Share of which he is the holder, and a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- (i) A corporation being a Shareholder may authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Shareholder.
- (j) In the case of joint Shareholders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Shareholders and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholders.
- (k) On a poll votes may be given either personally or by proxy.
- (l) In order to be valid, a vote by proxy must be deposited at such place as the Depositary, or the ACD with the approval of the Depositary, may in the notice convening the meeting direct (or if no such place is appointed then at the registered office of the ACD) at least 48 hours prior to the meeting.
- (m) The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Fund except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.
- (n) Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Shareholder on the ground (however formulated) of mental disorder, the ACD may in its absolute discretion upon or subject to production of such evidence of the appointment as the ACD may require, permit such receiver or other person on behalf of such Shareholder to vote on a poll in person or by proxy at any meeting of Shareholders or class meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of Shares in relation to such a meeting.
- (o) No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote may be disallowed at such meeting shall be valid for

- all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
- (p) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the ACD may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the ACD) be lodged with the instrument appointing the proxy pursuant to the next following paragraph, failing which the instrument may be treated as invalid.
 - (q) An instrument appointing a proxy must be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the ACD's head office) by the time which is forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy shall, unless contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
 - (r) A vote cast by proxy shall not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of title to the Shares concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the ACD at its head office by the time which is two hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
 - (s) Any corporation which is a holder of Shares in a Fund may by resolution of the directors or other governing body of such corporation and in respect of any Share or Shares in the Fund of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were the individual Shareholder in the Fund and such corporation shall for the purposes of the Instrument be deemed to be present in person at any such meeting if an individual so authorised is present.

7. How Distributable Income is Determined and Paid

Group 1 shares are those shares held throughout the accounting period and which you held on the period end date. You are therefore entitled to treat the entire distribution as income.

Group 2 shares are those shares purchased during the accounting period and which you held on the period end date. They may constitute all or part of your shareholding.

In order to determine the amount of income distributable to holders of income shares, the distribution policy of the ACD is to distribute all available income, after deduction of those expenses which are chargeable in calculating the distribution.

The ACD calculates the total income generated from the Fund's investments, i.e. interest and dividend income, and then deducts from this all expenses, other than those relating to the purchase and sale of investments and stamp duty reserve tax.

The ACD's periodic fee is deducted from income for the purpose of calculating the distribution for those Funds which only issue accumulation Shares. For those Funds which issue only income Shares the management charge is deducted from capital and all income is distributed.

A distribution warrant or an advice of the amount of the income distributed to the Shareholder is sent to each Shareholder with the Interim and Annual Reports in the case of income Fund.

Shareholders may elect to reinvest income into the Fund from which it originated.

For Funds in which accumulation Shares are issued, income will become part of the capital property of the Fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

7.1 ACD's Policy on Smoothing of Income Distributions within an Annual Accounting Period

In order to conduct a controlled dividend flow to Shareholders, interim distributions will be made at the ACD's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed in accordance with COLL.

7.2 Income Equalisation

Income equalisation will be applied to Shares issued by the Company.

Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Fund. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during the relevant accounting period. Any equalisation received from distributions from underlying funds will not be distributed but taken to capital of the appropriate Fund.

The amount of equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued to or bought by Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

7.3 Unclaimed Distributions

Each distribution warrant contains a request that it be presented for payment to a bank within six months, otherwise it should be sent back to the Registrar to make suitable arrangements for it to be revalidated. Any such distribution payment not claimed by the payee will be treated in accordance with the client money rules in the Handbook as described in paragraph 16 ("Unclaimed Money or Assets").

7.4 Reports

The ACD's annual reports will be published four months after the appropriate annual accounting period and the ACD's half-yearly reports will be published two months after

the end of the appropriate half-yearly accounting period each year. Long reports are available on request from the ACD.

8. Expenses of the Funds

8.1 The Fund Management Fee

Typically ongoing operating and administrative costs and expenses incurred by each Fund of the Company may be paid out of the Scheme Property. However, in order to protect Shareholders from fluctuations in these expenses, the ACD has agreed to fix the total amount of these expenses and its own charges in respect of each Fund in one charge, as set out in the table below. This is referred to as the "Fund Management Fee".

Fund Name and Relevant Share Class	Fund Management Fee
Royal London Ethical Bond Fund	
Class Z (INC)	0.40%
Class M (ACC)	0.55%
Class M (INC)	0.55%
Class R (ACC)	0.10%
Class S (ACC)	0.10%
Class S (INC)	0.10%
Royal London Short Duration Credit Fund	
Class M (INC)	0.35%
Class Z (INC)	0.31%
Class R (ACC)	0.10%
Class Z (ACC)	0.31%
Class S (ACC)	0.10%
Class S (INC)	0.10%

The Fund Management Fee will be calculated and accrued daily and deducted monthly in arrears from the relevant Class. In the event the actual costs incurred by a Fund exceed the level of the Fund Management Fee applicable to that Class, the ACD shall bear any such excess. Where the actual costs incurred by a Fund fall below the Fund Management Fee for that Fund, the ACD shall be entitled to retain any amount by which the Fund Management Fee exceeds those actual costs.

What is included in the Fund Management Fee?

The following costs and expenses (plus VAT where applicable) will be met out of the Fund Management Fee:

- The ACD's own ongoing fees;
- The fees of the Depositary;
- Any custody or safe keeping fees;

- Any audit fee and any proper expenses of the Auditor and of tax, legal and other professional advisers to the Company;
- Fund administration fees;
- Any costs incurred in modifying the Instrument including costs incurred in respect of meetings of holders convened for purposes which include the purpose of modifying the Instrument where the modification is:
 - necessary to implement or necessary as a direct consequence of any change in the law (including changes in COLL); or
 - expedient having regard to any change in the law made by or under any fiscal enactment and which the ACD and the Depositary agree is in the interest of holders; or
 - to remove from the Instrument obsolete provisions;
- Any costs incurred in respect of meetings of holders convened by the Depositary or on a requisition by Shareholders not including the ACD or an associate of the ACD;
- Any costs incurred in the production and distribution of regulatory materials which includes any costs of preparing, printing, publishing and distributing annual, half yearly and quarterly reports and any other reports or information provided for Shareholders;
- The periodic fees of the FCA under the Financial Services and Markets Act 2000 or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Funds are or may be marketed;
- Costs of establishing and maintaining the register and/or plan sub-register; and
- Any legal fees for advice or legal services provided to the Company.

The levels of the Fund Management Fee will be reviewed by the ACD in exceptional circumstances and on an annual basis in any event to ensure that they remain fair to Shareholders. Any increase in the Fund Management Fee will require prior notice to be given to Shareholders at least 60 days before any such increase may take effect. The Prospectus will also be revised to reflect the new rate(s).

8.2 **Performance Fee**

The ACD is permitted under COLL to charge a performance fee. Such a charge is not currently made. If it is to be made in respect of any of the Funds in the future it will only be in relation to new share classes and will not affect existing share classes or existing Shareholders. Details of the circumstances in which it will be made for those Funds will then be described in the Prospectus.

8.3 **Preliminary Charge**

The ACD is permitted to include in the sale price of the shares of a Fund a preliminary charge (plus value added tax if applicable) of the price of those Shares, as shown in Section 1.

The current preliminary charge will only be increased at least 60 days after the ACD has given notice in writing of the increase and the date of its commencement to regular savers and after the ACD has made available a revised Prospectus showing the new rate and its commencement date.

8.4 Other Expenses of the Funds

The expenses set out in this section shall be payable out of the Scheme Property and do not fall within the Fund Management Fee. Expenses not directly attributable to a particular Fund will be allocated proportionately between all Funds as described above.

The following further expenses may be paid out of the property each of the Funds:-

- a) Broker's commission, fiscal charges and other disbursements which are:-
 - i) necessary to be incurred in effecting transactions for the Fund; and
 - ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate; and b) HSBC Bank plc is entitled to receive a fee for its services in relation to stock lending. The fee is calculated as a percentage of the gross income from stock lending. The current fee is 20% of the gross income generated by the stock lending activity; and
- c) Interest on borrowings permitted under the Instrument and COLL, and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings; and
- d) Taxation and duties payable in respect of the property of the Fund, the Instrument or the issue of Shares and any stamp duty reserve tax charged in accordance with Schedule 19 of the Finance Act 1999; and
- e) Liabilities on unitisation, amalgamation or reconstruction where the property of a body corporate or other collective investment scheme is transferred to the Depositary in consideration of the issue of Shares to Shareholders in that body or to participate in the other scheme in accordance with COLL; and
- f) Subject to current HM Revenue & Customs regulations, value added tax at the prevailing rate may be payable in connection with any of the expenses in a) to n) above.

8.5 Allocation of Fees and Expenses between Funds

The Fund Management Fee will be charged to the Funds as set out in the table above any other expenses of the Funds will be charged to the Fund in respect of which they were incurred.

Where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

Where charges including the Fund Management Fee and other expenses are deducted from the capital property of a Fund, this can have the effect of constraining or even eroding capital growth of that Fund. Refer to Section 1 for details of which Funds charge fees and expenses to capital.

9. Taxation

This information is based on United Kingdom law and practice known at the date of this document. **Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future.** Shareholders are, therefore, recommended to consult their professional adviser if they are in any doubt as to their tax position.

The Funds are authorised schemes and accordingly are not liable to tax on capital gains on the disposal of any of the property of the Funds (including interest bearing securities). Income derived from the property of the Funds (other than dividends from UK and non-UK resident companies and any part of dividend distributions from UK open-ended investment companies and UK authorised unit trusts which represent such dividends) less deductible expenses is chargeable to corporation tax at 20%. Credit is usually available for foreign withholding tax at treaty rates on income derived from non-UK investments against any UK corporation tax liability thereon. Claims are submitted to the overseas countries concerned where withholding tax is deducted in excess of treaty limits.

Funds with 60% or less of their investments throughout the year in interest bearing (and economically equivalent) investments are referred to below as "equity" funds. Funds with over 60% of their investments throughout the year in interest bearing investments are referred to below as "bond" funds.

All the Funds are Bond Funds.

Bond Funds: Income allocations to Shareholders are classified as interest distributions. (The only exception to this would occur in the event that a Fund failed to qualify as a bond fund for a distribution period and becomes an equity fund in which case its distribution for that period would be classified as a dividend distribution and be taxable as a dividend and not as interest. This is not expected to occur).

There is a Personal Savings Allowance in each tax year for basic rate taxpayers where the first £1,000 of interest (including interest distributions) received in a tax year is not taxable and for higher rate taxpayers the allowance is £500. Additional Rate taxpayers do not benefit from the Personal Savings Allowance. As a result, where individuals' interest and interest distributions exceed their personal savings allowances, they will be liable to pay income tax at their highest rates (20% for basic rate, 40% for higher rate and 45% for additional rate taxpayers) on the taxable amount.

Shareholders who are chargeable to corporation tax will be liable to tax, under the loan relationships rules, on the fair value movement of their interest in the Fund including the amount of interest distributions.

Companies and certain holders who are exempt from tax on income, including charities, pension funds and individuals whose Shares are held through an ISA, may receive interest distributions without deduction of tax.

For all income allocations: A tax voucher showing the amount of the income distributed or deemed to be distributed to the Shareholder will be sent to Shareholders at the time of distribution.

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a refund of capital

and not taxable. Rather it should be deducted from the allowable cost of the Shares for capital gains tax purposes (except where corporate investors invest in a bond fund).

Capital gains

The sale of Shares by a Shareholder will constitute a disposal for the purposes of capital gains tax.

The extent of any liability to tax will depend upon the particular circumstances of Shareholders, but individual Shareholders resident in the UK will not be liable to tax on their capital gains unless their chargeable gains from all sources are in excess of the annual exemption. A Shareholder who is an individual, and is not resident in the UK, would not normally be liable to UK tax on capital gains.

As explained above, Shareholders within the charge to corporation tax, must treat their holdings in Bond Funds as creditor relationships subject to a fair value basis of accounting.

In the unlikely event that a Fund should cease to have over 60% of its investments in interest bearing (and economically equivalent) investments at any time, then Shareholders within the charge to corporation tax should treat the net capital gains they realise on them as profits chargeable to corporation tax.

International and UK tax reporting

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as 'FATCA' and the international Common Reporting Standard), the ACD (or its agent) will collect and report information about Shareholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the ACD or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

Shareholders refusing to provide the requisite information to the ACD may be reported to HM Revenue & Customs. If a prospective investor is concerned about this, he should take appropriate advice.

The Funds are also required to report to HMRC on request, details of interest paid to UK residents.

10. Risk Factors

General market risks

Any stock market investment involves risk. Some of these risks are general, which means that they apply to all Funds. Others are specific, which means that they apply to individual Funds. Before you decide to invest, it is important to understand these risks. If you are unsure, please seek professional advice from an Independent Financial Adviser.

Market risks

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when you sell your investment you may get back less than you originally invested, regardless of how well the Fund performs.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on Funds heavily or solely invested in that asset class or region.

If you transfer or switch into Royal London's Funds you should appreciate that during a part of the period of transfer your investment will be in cash. This means that until your cash is reinvested into the Royal London Fund(s) of your choice you will not be exposed to any gains or falls in stock markets.

Effect of charges from capital

The effect of taking charges from capital can be to reduce the growth potential of the capital value of the investment but will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned. This risk warning applies to the following Funds: Royal London Ethical Bond Fund and Royal London Short Duration Credit Fund. For other Funds that take charges from income, charges will be taken from capital where insufficient income is available.

Performance risk

There will be a variation in performance between Funds with similar objectives due to the different assets selected.

Funds aiming for relatively high performance can incur greater risk than those adopting a more standard investment approach. There is no guarantee for the performance of your investment and investors may get back less than they put in.

If you start a savings plan in order to build up a particular sum by a certain date (for example, to repay a mortgage) you may not achieve the target amount if you do not maintain your contributions or the investment value does not grow sufficiently.

NOTE Remember the price of Shares and income from them can go down as well as up. The Funds should generally be regarded as long-term investments. Statements in this document concerning taxation are based on the taxation laws in force at the time of publication.

Capital risk

Where an initial charge is imposed, an investor who sells their shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

Having purchased shares you will be entitled, should you wish, to cancel the contract within fourteen days of receipt of the contract note. If the value of a lump sum investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less any fall in value. If the value rises before cancellation is given, only the original amount shall be returned. For the monthly savings scheme, you will receive back what you have paid when you cancel, even if the price of Shares has fallen.

Derivatives

The use of these instruments may from time to time expose a particular Fund to volatile investment returns and increase the volatility of the net asset value of a Fund. **Derivative transactions are used by the Funds solely for the purposes of Efficient Portfolio Management (as defined below) and are not intended to increase the risk profile of the Funds or the Company.**

Efficient Portfolio Management (EPM) techniques

The Funds may make use of EPM techniques (including stock lending and reverse repurchase transactions) to reduce risk and/or costs in the Fund and to produce additional capital or income in the Funds in a manner which is economically appropriate and with an acceptable level of risk. Techniques used by the Fund may include using derivatives for hedging against price or currency fluctuations, engaging in securities lending and reverse repurchase transactions. Further details on these techniques can be found in APPENDIX 2 - INVESTMENT AND BORROWING POWERS to this Prospectus.

In adverse situations, however, a Fund's use of EPM techniques may be ineffective and the Fund may suffer significant loss as a result. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

EPM techniques may involve a Fund entering into derivative transactions or securities lending transactions with a counterparty where there may be a risk that a counterparty will wholly or partially fail to honour its contractual obligations. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund. The counterparty will forfeit its collateral if it defaults on the transaction. However, in the event of counterparty default, if the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's liability to the Fund. This may result in losses for investors. To manage this risk, the ACD has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received. Please see paragraph 17.10 ("Collateral Management") for further information on the collateral management policy.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM. Stock lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

The ACD has entered into an agreement with HSBC Bank plc whereby HSBC Bank plc performs stock lending for the Funds. Counterparty Risk is mitigated by HSBC Bank plc only lending stock to counterparties as instructed by the ACD who meet criteria such as minimum credit rating requirements and by requiring counterparties to provide eligible collateral (as instructed by the ACD and as summarised at paragraph 17.10 ("Collateral Management")) on borrowing stock from the Funds. Each of the Funds may undertake stock lending. As such the necessary disclosures in relation to stock lending have been included in this Prospectus for the purposes of the Securities Financing Transactions Regulation.

Inflation risk

Inflation will, over time, reduce the value of your investments in real terms.

Dilution

The Funds may experience a reduction in value as a result of the costs incurred in the purchase and sale of their underlying investments and the spread between buying and selling prices of such investments. Accordingly, the ACD may charge a dilution levy or apply a dilution adjustment on the issue and/or redemption of Shares. Where a dilution levy is not charged or a dilution adjustment is not applied, the Fund in question may incur dilution which may constrain capital growth.

Tax

The value of current tax relief depends on individual circumstances. The rates of and relief from taxation may change over time. Additional tax information is set out elsewhere in this Prospectus. If you have any doubts about your tax position, you should seek professional advice.

Credit and fixed interest security risks

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 any Fund is not fixed and may go up and down.

If the income yield is higher than the redemption yield, there is the possibility that the capital will be eroded.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer.

Unlike income from an individual bond, the level of income from the Funds is not fixed and may fluctuate.

The Funds will invest in high yielding corporate bonds. The underlying investments of fixed interest and bond funds are subject to two types of risk, market (interest) risk and credit risk. The value of these bonds, and therefore the value of the Share or Shares in the Fund, will be impacted by fluctuations in interest rates and the perceived credit risk of an issuer. An increase in long-term interest rates is likely to reduce the share price of the Fund and vice versa. In addition, the share price is likely to be reduced by the default or perceived increase in credit risk of an issuer of an underlying investment.

In general, the higher the rate of interest, the higher the perceived credit risk of the issuer.

The Funds may invest in sub-investment grade bonds. These bonds have a lower credit rating and carry a higher degree of risk of default on repayment.

In risk terms, corporate bond funds are often considered to be a "half way house" between equity funds and building society accounts. However, unlike a bank or building society account where your capital is secure, corporate bond funds are not risk free. In view of the special risks associated with investment in funds containing investments which are below investment grade, generally such funds should be considered a greater risk than investments in all of equity funds and it is recommended that investment in such funds should not constitute the sole or principal component of any portfolio. Investments in such funds may not be appropriate for all investors.

Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the government's fiscal position, short-term interest rates and international market comparisons. The returns from bonds are fixed as at the time of purchase. Therefore the fixed coupon payable and the final redemption proceeds are known at the outset. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend

on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

Currency exchange rates

Currency fluctuations may adversely affect the value of a Fund's investments and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

Ethical investments

The ethical criteria adopted by the Royal London Ethical Bond Fund means that it may be unable to invest in bonds from certain governments, sectors and companies due to the ethical screening that the Fund undertakes. This may result in this Fund being more sensitive to price swings than other Funds.

Exchange Traded Funds

The Funds may invest in certain Exchange Traded Funds. These funds represent a basket of securities that are traded on an exchange and therefore, unlike collective investment schemes, they do not necessarily trade at the net asset value of their underlying holdings. As a result they may trade at a price which is above or below the value of the underlying portfolio.

Liabilities of the Company and Funds

Each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

Depositary handling Scheme Property

The Depositary has a duty to ensure that it safeguards and administers the Scheme Property in compliance with the Handbook governing the protection of client assets ("Client Asset Rules"). The Depositary is not under a duty to comply with the Handbook on handling money received or held for the purpose of buying or selling securities and investments ("Client Money"). Moreover, with respect to handling Scheme Property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the Scheme Property may not be protected under the Client Asset Rules. In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any Scheme Property which consists of Client Money, client assets held in a CSS or any other client assets which the Depositary or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules.

Fund Management Fee

A Fund Management Fee is levied on each Fund on the basis set out in paragraph 8 above. The ACD shall meet any expenses which exceed the level of the Fund Management Fee. Shareholders should note that it is anticipated that the actual operating and administrative costs and expenses incurred by a Fund may fall below the

applicable Fund Management Fee, the ACD is entitled to retain the difference between the actual charges incurred and the Fund Management Fee.

11. Eligible Markets

Please note that in the interest of investor information and protection a list of the securities and derivatives exchanges/markets in non-EEA States (including the markets on which transferable securities are admitted to official listing) in which a Fund will or may invest through or deal on, can be found in Appendix 1 to this Prospectus. The list of eligible markets has been decided by the ACD after consultation with the Depositary and the Investment Manager.

12. Investment Limits

The ACD's discretion to invest or apply Fund property is subject to the restrictions and limitations on investment set out in COLL and in Appendix 2 to this Prospectus.

13. Winding up of the Company or a Fund

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may only be wound up under the COLL Sourcebook.

Where the Company or a Fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Fund must be terminated under the COLL Sourcebook:

1. if an extraordinary resolution to that effect is passed by Shareholders; or
2. when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £5 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
3. on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund.

On the occurrence of any of the above:

4. COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
5. the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;

6. no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
7. where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
8. the corporate status and powers of the Company and subject to 4 to 7 above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Fund, the Depositary shall notify the FCA that the winding up has been completed.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.

Following the completion of a winding up of either the Company or the Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within two months of the completion of the winding up or termination.

14. Delivery Versus Payment (DvP) Exemption

The ACD may make use of the DvP Exemption as set out in the Handbook, which provides for a one day window during which money, held for the purposes of settling a transaction in relation to shares in a collective investment scheme, is not treated as client money if: (i) the ACD receives the money from a person for the subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in the Fund within the timeframes set out in the Handbook; or (ii) the ACD holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to a Shareholder within the timeframes set out in the Handbook.

15. Remuneration Policy

The ACD has put in place a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19 E of the Senior Management Arrangements, Systems and Controls sourcebook of the FCA Handbook. The Remuneration Policy is designed to ensure that the ACD's remuneration practices are

consistent with and promote sound and effective risk management, do not encourage risk taking, ensure it does not impair its duty to act in the interest of the UCITS funds that the ACD manages, and are consistent with the risk profile of the UCITS funds that the ACD manages. The ACD considers the Remuneration Policy to be appropriate to the size, internal operations, nature, scale and complexity of the UCITS funds that the ACD manages and in line with the risk profile, risk appetite and the strategy of those funds.

Up-to-date details of a description of how remuneration and benefits are calculated; and the identities of the persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee will be available on the ACD's website www.rlam.co.uk. A paper copy of the information is available free of charge following a request to the ACD.

16. Unclaimed Money or Assets

In accordance with the client money rules in the Handbook, if client money is unclaimed for a period of six years (or client assets are unclaimed for a period of 12 years) the ACD will transfer unclaimed distributions back to the capital property of the Fund and otherwise may give unclaimed money or assets to a registered charity of its choice. The ACD will be able to do this only in accordance with general law, the Handbook, and where it has taken all necessary steps to trace the Shareholder and return the money or the assets.

If the client money or client asset is equal to or below the 'de minimis level' set by the client money rules in the Handbook (that is, £25 or less for retail clients and £100 or less for professional clients) then there are fewer requirements for the ACD to fulfil before it may pay the money or asset to charity but it will still attempt to contact Shareholders at least once before doing so. The time periods set out above during which the money or assets may not be 'paid away' to charity continue to apply.

Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

17. General Information

17.1 Documents of the Company and Details of the Remuneration Policy

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at 55 Gracechurch Street, London, EC3V 0RL:

- the most recent annual and half yearly reports of the Company;
- the Instrument of Incorporation (and any amending documents);
- the Prospectus; and
- the ACD Agreement and the Depositary Agreement.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent Prospectus and annual and half yearly long reports of the Company, the Prospectus and the Instrument or Incorporation which are available free of charge to anyone who requests).

Up-to-date details of the matters set out in paragraph 15 ("Remuneration Policy") in relation to the ACD's Remuneration Policy are available at www.rlam.co.uk. A paper copy of these details is available free of charge at the registered office of the ACD on request.

17.2 Accounting Periods

The annual accounting period of the Company ends each year on 31 January (the accounting reference date) with the half yearly interim accounting period ending on 31 July.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.

17.3 Legal and Tax Restrictions

Persons interested in subscribing for shares should inform themselves as to:

- i) the legal requirements within their own countries for subscription of Shares;
- ii) any foreign exchange restrictions which may be encountered;
- iii) the income tax, estate tax and other tax consequences of becoming a Shareholder.

17.4 Notices

Any notices required to be served on Shareholders or any documents required to be sent out to Shareholders will be sent by post to the address noted on the Register or in the case of joint Shareholders the address of the first named Shareholder.

17.5 Complaints

If you have any complaint about the operation or marketing of the Funds you should in the first instance make such complaint to the Customer Services Manager at Royal London Unit Trust Managers Limited, Freepost RLTZ-LSXH-EJUG, PO Box 9035, Chelmsford, CM99 2XB. Making a complaint will not prejudice your rights to commence legal proceedings.

17.6 Commission

The ACD effects transactions on which commissions or other charges may be payable, through other affiliated Group companies including The Royal London Mutual Insurance Society Limited, as well as through other unconnected brokers. Information about dealing commissions and mark-ups and mark-downs paid in respect of these transactions will be given in the ACD's annual report to Shareholders.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Funds, the Investment Manager will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party. The Investment Manager will return to each relevant Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

The Investment Manager may, however, accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the relevant Fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

17.7 Conflicts of Interest

The ACD and other companies within the Royal London group may, from time to time, act as managers to other funds or Funds which follow similar investment objectives to those of the Funds. The Funds may also invest in other funds managed by the ACD and other companies within the Royal London group.

It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund and/or other funds managed by the ACD. The ACD will, however, have regard in such event to its obligations under the ACD Agreement and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the other funds it manages are fairly treated.

The ACD maintains a written conflict of interest policy. The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort, if the conflict cannot be avoided, disclose these to Shareholders in an appropriate format.

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

17.8 Exercise of Voting Rights

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. The RLAM Corporate Governance Policy summarises this strategy and is available on the RLAM website in the corporate responsibility section. Our voting record covering voting on securities held in the funds is also available in this same location.

17.9 Best Execution

The ACD must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The RLAM Execution and Allocation Policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the handbook of rules issued by the FCA to obtain the best possible outcome for each transaction undertaken on behalf of the company. Details of the best execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

17.10 Collateral Management

The ACD has a collateral management policy which it keeps under regular review. Derivative and stock lending transactions are fully collateralised (subject to the respective agreements). The policy defines "eligible" types of collateral which the Funds

may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Collateral will generally be of high quality and liquid e.g. cash and government securities. The policy will also include any additional restrictions deemed appropriate by the ACD. The ACD's current policy is to accept cash or government bonds only as eligible collateral with respect to derivative transactions. Eligible collateral with respect to stock-lending includes cash, UK gilts, treasury bills, sovereign debt, eurosterling bonds and equities.

Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on the quality of assets received, their price volatility, together with the outcome of any stress tests performed under normal and exceptional liquidity conditions.

Where cash collateral, is received, if it is reinvested, it will be diversified in accordance with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN). Where a Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. Further information regarding acceptable collateral is set out in paragraphs 45 ("Treatment of collateral") and 45 ("Permitted collateral in relation to OTC derivatives and EPM activities") of Appendix 2 and is available on request from the ACD.

17.11 Factsheets

Fund factsheets detailing investment performance for each of the Royal London Funds are available on the RLAM website.

17.12 International Information Exchange including the Foreign Account Tax Compliance Act ("FATCA")

The UK government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance including the United States provisions commonly known as "FATCA". As a result the ACD may need to disclose the name, address, taxpayer identification number and investment information relating to certain investors in the Company to HM Revenue & Customs, who will in turn exchange this information with their overseas counterparts in relevant jurisdictions.

By applying to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the ACD or its agent. If a Shareholder does not provide the necessary information, the ACD will be required to report it to HM Revenue & Customs.

17.13 Risk Management

Upon the request of a Shareholder, the ACD will provide further information relating to:

- (1) the quantitative limits applying in the risk management of the Fund or Company;
- (2) the methods used in relation to (1); and
- (3) any recent development of the risk and yields of the main categories of investment.

17.14 Telephone Recording

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested

by a competent regulatory authority, for a period of seven years, where we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

17.15 Benchmark Regulation

Unless otherwise disclosed in this Prospectus, the indices or benchmarks utilised by the Company and the Funds are, as at the date of this Prospectus, provided by benchmark administrators who are making use of the transitional arrangements afforded under Regulation (EU) 2016/1011 (the "Benchmark Regulation") and accordingly do not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. Updated information on this register will be available no later than 1 January 2020. Royal London maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided.

17.16 Your Personal Information

The ACD's privacy notice details the collection, use and sharing of Shareholders' personal information in connection with their investment in the Funds. The privacy notice can be found on the ACD's website at www.rlam.co.uk.

This notice may be updated from time to time and Shareholders should confirm that they hold the latest version. Shareholders who access the Funds through an intermediary such as a wealth manager, platform service or ISA plan manager, should also contact that organisation for information about its treatment of their personal information.

Any Shareholder who provides the ACD and its agents with personal information about another individual (such as a joint investor) must also show the privacy notice to those individuals.

APPENDIX 1 - ELIGIBLE MARKETS

Investors should be aware that in order to qualify as an approved security or derivative, the market upon which any security or derivative is traded must be "eligible".

"Eligible" is defined as a securities or derivatives market established in an EEA state that is regulated, operates regularly and is open to the public.

At the time of preparation of this Prospectus, the markets in which the Funds will deal are as follows:

Markets in EEA States

(This list is for information only. The member states of the EEA may change over time and any additions to EEA membership are deemed to be eligible markets whether or not they are detailed below)

Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Eire, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

Additional Securities and Derivatives Markets

The following list contains additional markets which the ACD and the Depositary have agreed as eligible:

Australia Australian Stock Exchange Limited (ASX) ASX Trade24	Singapore Singapore Exchange Limited (SGX)
Canada Toronto Stock Exchange TSX Venture Exchange The Montreal Exchange	Switzerland SIX Swiss Exchange
Hong Kong Stock Exchange of Hong Kong Limited Hong Kong Futures Exchange	Taiwan Taiwan Stock Exchange Taiwan Futures Exchange
Indonesia Indonesia Stock Exchange	Thailand Stock Exchange of Thailand Thailand Futures Exchange Plc
Japan Fukuoka Stock Exchange Nagoya Stock Exchange Tokyo Stock Exchange Tokyo Financial Exchange Osaka Securities Exchange	Turkey Borsa Istanbul AS
Korea (Republic) Korea Exchange	United States New York Stock Exchange NYSE MKT LLC NASDAQ Stock Market (National Association of Securities Dealers Inc) NASDAQ OMX BX Inc NASDAQ OMX PHLX The market in transferable securities issued by or on behalf of the US Government conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers
Malaysia Bursa Malaysia Securities Berhad Bursa Malaysia Derivatives Berhad	

Mexico Bolsa Mexicana de Valores (Mexican Stock Exchange) New Zealand NZX Ltd Philippines The Philippines Stock Exchange	Boston Options Exchange Chicago Board of Trade Chicago Board Options Exchange Chicago Mercantile Exchange ICE Futures Exchange New York Mercantile Exchange (NYMEX) NASDAQ Futures Exchange
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APPENDIX 2 - INVESTMENT AND BORROWING POWERS

1. General

The Scheme Property of a Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in a Fund's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus. These limits apply to each Fund as summarised below.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the property of the Funds in money-market instruments and/or cash deposits.

1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.

1.2 Cover

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Fund under any other of those rules has also to be provided for.

1.2.2 Where the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

2. UCITS Schemes – general

2.1 Subject to the investment objective and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5, only consist of any or all of:

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 permitted units in collective investments schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

2.2 It is not intended that the Funds will have an interest in any immovable property or tangible movable property.

3. **Transferable Securities**

- 3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "Regulated Activities Order").
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 3.5.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;
 - 3.5.3 reliable valuation is available for it as follows:
 - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
 - 3.5.4 appropriate information is available for it as follows:
 - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 3.5.5 it is negotiable; and

- 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
 - 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
 - 3.6.2 to be negotiable.
- 3.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants.
- 4. **Closed end funds constituting transferable securities**
 - 4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:
 - 4.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - 4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
 - 4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
 - 4.1.2 Where the closed end fund is constituted under the law of contract:
 - 4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - 4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
- 5. **Transferable securities linked to other assets**
 - 5.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
 - 5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and
 - 5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
 - 5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.
- 6. **Approved Money-Market Instruments**
 - 6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.

- 6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
- 6.2.1 has a maturity at issuance of up to and including 397 days;
 - 6.2.2 has a residual maturity of up to and including 397 days;
 - 6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
 - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
- 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
7. **Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**
- 7.1 Transferable securities and approved money-market instruments held within a Fund must be:
- 7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or
 - 7.1.2 dealt in on an eligible market as described in 8.3.2; or
 - 7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or
 - 7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or
 - 7.1.5 recently issued transferable securities provided that:
 - 7.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
 - 7.1.5.2 such admission is secured within a year of issue.

- 7.2 However, a Fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.
8. **Eligible markets regime: purpose and requirements**
- 8.1 To protect Shareholders the markets on which investments of the Funds are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 8.3 A market is eligible for the purposes of the rules if it is:
- 8.3.1 a regulated market as defined in the FCA Handbook; or
 - 8.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 8.4 A market not falling within paragraph 8.3 of this Appendix is eligible for the purposes of COLL 5 if:
- 8.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 8.4.2 the market is included in a list in the prospectus; and
 - 8.4.3 the Depositary has taken reasonable care to determine that:
 - 8.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 8.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.
- 8.6 The Eligible Markets for the Funds are set out in Appendix 1.
9. **Money-market instruments with a regulated issuer**
- 9.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and
 - 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 ("Issuers and guarantors of money-market instruments") below.

- 9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:
- 9.2.1 the instrument is an approved money-market instrument;
 - 9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 ("Appropriate information for money-market instruments") below; and
 - 9.2.3 the instrument is freely transferable.
10. **Issuers and guarantors of money-market instruments**
- 10.1 A Fund may invest in an approved money-market instrument if it is:
- 10.1.1 issued or guaranteed by any one of the following:
 - 10.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
 - 10.1.1.2 a regional or local authority of an EEA State;
 - 10.1.1.3 the European Central Bank or a central bank of an EEA State;
 - 10.1.1.4 the European Union or the European Investment Bank;
 - 10.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
 - 10.1.1.6 a public international body to which one or more EEA States belong; or
 - 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
 - 10.1.3 issued or guaranteed by an establishment which is:
 - 10.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
 - 10.1.4 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.4 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 10.2.1 it is located in the European Economic Area;
 - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
 - 10.2.3 it has at least investment grade rating;
 - 10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

11. **Appropriate information for money-market instruments**

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:

11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.1.3 available and reliable statistics on the issue or the issuance programme.

11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.3 In the case of an approved money-market instrument:

11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or

11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

11.4 **Calculating weighted average life and weighted average maturity**

11.4.1 When calculating the weighted average life for securities (including structured financial instruments) for the purposes of paragraph 11 above, the maturity calculation must be based on either:

11.4.1.1 the residual maturity until the legal redemption of the instrument;
or

11.4.1.2 if the financial instrument embeds a put option, the exercise date of the put option if the following conditions are fulfilled at all times;

(i) the put option can be freely exercised by the authorised fund manager at its exercise date;

(ii) the strike price of the put option remains close to the expected value of the instrument at the next exercise date;
and

- (iii) the investment strategy of the scheme implies that there is a high probability that the option will be exercised at the next exercise date.

11.4.2 Where calculating the weighted average life for floating rate securities and structured financial instruments the security's stated final maturity should be used and not the interest rate reset dates.

11.4.3 When calculating the weighted average life and weighted average maturity the ACD must take into account the impact of derivatives, deposits and efficient portfolio management.

12. **Spread: general**

12.1 This rule on spread does not apply in respect of a transferable security or approved money market instrument to which paragraph 14 ("Spread: government and public securities") applies.

12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.

12.3 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body.

12.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.

12.7 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group.

12.8 Not more than 20% in value of the Scheme Property of a Fund is to consist of the units of any one collective investment scheme.

12.9 The COLL Sourcebook provides that in applying the above limits in relation to a single body, not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:

- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or

12.9.2 deposits made with; or

12.9.3 exposures from OTC derivatives transactions made with;

that body.

13. **Counterparty risk and issuer concentration**

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out paragraphs 12.6 and 12.9 above.
- 13.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
- 13.4 The netting agreements in paragraph 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 13.5 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation and must comply with the collateral requirements of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 12.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 13.7 Collateral passed in accordance with paragraph 12.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 13.8 In relation to the exposure arising from OTC derivatives as referred to in paragraph 12.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
- 13.9 The ACD must calculate the issuer concentration limits referred to in paragraph 12.7 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 13.10 The ACD or the Investment Manager measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager. A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please see paragraph headed "Conflicts of Interest" above.

- 13.11 Further, a counterparty in respect of derivative transactions and EPM techniques (including the use of stock lending) will be:
- 13.11.1 an authorised person; or
 - 13.11.2 a person authorised by a home state regulator; or
 - 13.11.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
 - 13.11.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and
 - 13.11.5 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 45.1.3 and the collateral is:
 - 13.11.5.1 acceptable to the Depositary;
 - 13.11.5.2 adequate
 - 13.11.5.3 sufficiently immediate; and
 - 13.11.6 otherwise complies with the requirements of the ESMA Guidelines 2012/832; and
 - 13.11.7 meets minimum credit rating requirements.
14. **Spread: government and public securities**
- 14.1 The following section applies in respect of a transferable security or an approved money market instrument ("such securities") issued by:
- 14.1.1 an EEA State;
 - 14.1.2 a local authority of an EEA State;
 - 14.1.3 a non-EEA State; or
 - 14.1.4 a public international body to which one or more EEA States belong.
- 14.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 14.3 The Company or a Fund may invest more than 35% in value of the Scheme Property in such securities issued by or guaranteed by a single State, local authority or public international body provided that:
- 14.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Fund;
 - 14.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

14.3.4 the disclosures required by the FCA have been made.

14.4 In giving effect to the foregoing object more than 35% of the Scheme Property of the Royal London Short Duration Credit Fund may be invested in such securities issued or guaranteed by the Government of the United Kingdom, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Portugal, Spain, and Sweden, and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.

14.5 Notwithstanding paragraph 12.1 and subject to paragraphs 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, such securities issued by that body shall be taken into account.

15. Investment in collective investment schemes

15.1 The Royal London Ethical Bond Fund may not currently invest in collective investment schemes.

15.2 Subject to paragraph 15.1, up to 10% of the value of the Scheme Property of each Fund except for the Royal London Ethical Bond Fund may invest in units or shares in other collective investment schemes ("Second Schemes") provided that the Second Scheme satisfied all of the conditions below and provided no more than 30% is invested in Second Schemes within 15.2.1.1 to 15.2.1.5) may be invested in units or shares in Second Schemes provided the Second Scheme satisfies all of the following conditions:

15.2.1 The Second Scheme must:

15.2.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

15.2.1.2 be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000; or

15.2.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met);

15.2.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or

15.2.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(a) signed the IOSCO Multilateral Memorandum of Understanding; and

(b) approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met).

- 15.2.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.2.2, paragraph 15.2.3 and paragraph 12 ("Spread: General") apply to each sub fund as if it were a separate scheme.
- 15.2.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if a Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 15.3 The Funds may, subject to the limit set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Fund or one of its associates.
- 15.4 The Scheme Property of a Fund may consist of Shares in another Fund of the Company (the "Second Fund") subject to the following restrictions. A Fund may invest in a Second Fund provided that:
- 15.4.1 the Second Fund does not hold Shares in any other Fund;
- 15.4.2 the requirements set out at paragraphs 15.2.2 and 15.2.3 above are complied with.
16. **Investment in nil and partly paid securities**
- 16.1 A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in COLL 5.
17. **Derivatives: general**
- Derivative transactions are used in the Funds solely for the purposes of Efficient Portfolio Management and are not intended to increase the risk profile of the Funds or the Company.**
- 17.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 19 ("Permitted transactions (derivatives and forwards)") below, and the transaction is covered, as required by paragraph 31 ("Cover for investment in derivatives") of this Appendix.
- 17.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.
- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument

which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

17.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 20 ("Financial Indices underlying derivatives"), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

18. **Efficient Portfolio Management**

18.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

18.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:

18.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

18.2.2 Transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

18.2.2.1 pricing imperfections in the market as regards the property which a Fund holds or may hold; or

18.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of a Fund which the Company is willing to buy or sell at the exercise price, or

18.2.2.3 stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

- 18.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out. The eligible derivatives markets for the Funds are set out in Appendix 1.
- 18.4 Any income or capital generated by EPM (out of direct or indirect costs) will be paid to the Fund.
19. **Permitted transactions (derivatives and forwards)**
- 19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 23 (“OTC transactions in derivatives”).
- 19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated:
- 19.2.1 transferable securities;
 - 19.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;
 - 19.2.3 deposits permitted under paragraph 26 (“Investment in deposits”);
 - 19.2.4 derivatives under this paragraph;
 - 19.2.5 collective investment scheme units permitted under paragraph 15 (“Investment in collective investment schemes”);
 - 19.2.6 financial indices which satisfy the criteria set out in paragraph 20 (“Financial Indices underlying derivatives”);
 - 19.2.7 interest rates;
 - 19.2.8 foreign exchange rates; and
 - 19.2.9 currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting a Fund and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 19.3 are satisfied.

- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 19.7 A derivative includes an investment which fulfils the following criteria:
 - 19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
 - 19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23 ("OTC transactions in derivatives"); and
 - 19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.8 A Fund may not undertake transactions in derivatives on commodities.
- 20. **Financial Indices underlying derivatives**
- 20.1 The financial indices referred to in 19.2 are those which satisfy the following criteria:
 - 20.1.1 the index is sufficiently diversified;
 - 20.1.2 the index represents an adequate benchmark for the market to which it refers;
 - 20.1.3 the index is published in an appropriate manner; and
 - 20.1.4 otherwise comply with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).
- 20.2 A financial index is sufficiently diversified if:
 - 20.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - 20.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
 - 20.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 20.3 A financial index represents an adequate benchmark for the market to which it refers if:
 - 20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - 20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

- 20.4 A financial index is published in an appropriate manner if:
- 20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - 20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 19.2, be regarded as a combination of those underlyings.

21. Transactions for the purchase of property

- 21.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of that Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.

22. Requirement to cover sales

- 22.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by that Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Fund at the time of the agreement. This requirement does not apply to a deposit.

23. OTC transactions in derivatives

- 23.1 Any transaction in an OTC derivative under paragraph 19.1 must be:
- 23.1.1 in a future or an option or a contract for differences;
 - 23.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - 23.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
 - 23.1.3.1 carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
 - 23.1.3.2 can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
 - 23.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that,

throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

23.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

23.1.4.2 if the value referred to in 23.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

23.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

23.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

23.1.5.2 a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.

23.1.6 For the purposes of this paragraph 23, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

24. **Valuation of OTC derivatives**

24.1 For the purposes of paragraph 23.1.3, the ACD must:

24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in paragraph 24.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

24.3 The arrangements and procedures referred to in this rule must be:

24.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

24.3.2 adequately documented.

25. **Risk management**

25.1 The ACD uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund. Before using the process, the ACD will notify the FCA of the details of the risk management process.

- 25.2 The following details of the risk management process must be regularly notified by the ACD to the FCA and at least on an annual basis:
- 25.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and
 - 25.2.2 the methods for estimating risks in derivative and forward transactions.

26. **Investment in deposits**

- 26.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

27. **Significant influence**

- 27.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
- 27.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
 - 27.1.2 the acquisition gives the Company that power.
- 27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

28. **Concentration**

The Company:

- 28.1 must not acquire transferable securities other than debt securities which:
- 28.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
 - 28.1.2 represent more than 10% of these securities issued by that body corporate;
- 28.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 28.3 must not acquire more than 25% of the units in a collective investment scheme;
- 28.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- 28.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

29. **Derivative exposure**

- 29.1 The Funds may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 29.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Fund is committed. Paragraph 31 ("Cover for investment in derivatives") below sets out detailed requirements for cover of that Fund.
- 29.3 A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 29.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

30. **Schemes replicating an index**

- 30.1 Notwithstanding paragraph 12 ("Spread: general") a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 30.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.
- 30.3 The 20% limit can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 30.4 In the case of a Fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where a Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 30.5 The indices referred to above are those which satisfy the following criteria:
- 30.5.1 the composition is sufficiently diversified;
 - 30.5.2 the index represents an adequate benchmark for the market to which it refers;
 - 30.5.3 the index is published in an appropriate manner; and
 - 30.5.4 the index otherwise complies with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).

- 30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 30.8 An index is published in an appropriate manner if:
- 30.8.1 it is accessible to the public;
 - 30.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.
31. **Cover for investment in derivatives**
- 31.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
- 31.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property; and
 - 31.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down above.
32. **Daily calculation of global exposure**
- 32.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.
- 32.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
33. **Calculation of global exposure**
- 33.1 The ACD must calculate the global exposure of any Fund it manages either as:
- 33.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 ("Derivatives: general"), which may not exceed 100% of the net value of the scheme property of a Fund, by way of the commitment approach; or
 - 33.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach.
- 33.2 The ACD must ensure that the method selected above is appropriate, taking into account:
- 33.2.1 the investment strategy pursued by the Fund;
 - 33.2.2 the types and complexities of the derivatives and forward transactions used; and
 - 33.2.3 the proportion of the scheme property comprising derivatives and forward transactions.

33.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 44 ("Stock lending") in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

33.4 For the purposes of paragraph 33.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

34. **Commitment approach**

34.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

34.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 17 ("Derivatives: general")), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 44 ("Stock lending"); and

34.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

34.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach, though this is currently not the case for any Fund.

34.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

34.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.

34.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 40 need not form part of the global exposure calculation.

35. **Cover and Borrowing**

35.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 31 ("Cover for investment in derivatives") except where 35.2 below applies.

35.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 35.1 on deposit with the lender (or his agent or nominee), then this paragraph 35.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

36. **Cash and near cash**

36.1 Cash and near cash must not be retained in the Scheme Property of the Funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:

- 36.1.1 the pursuit of a Fund's investment objectives; or
 - 36.1.2 redemption of Shares; or
 - 36.1.3 efficient management of a Fund in accordance with its investment objectives; or
 - 36.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 36.2 During the period of the initial offer the Scheme Property of the Funds may consist of cash and near cash without limitation.

37. **General**

- 37.1 It is envisaged that a Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of a Fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 37.2 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to a Fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 37.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.
- 37.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example a Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Fund) under certain conditions.

38. **Underwriting**

- 38.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Fund.

39. **General power to borrow**

- 39.1 The Company or the ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 39.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given

only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

39.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Fund.

39.4 The ACD should ensure when calculating a Fund's borrowing that:

39.4.1 the figure calculated is the total of all borrowing in all currencies in the Fund; and

39.4.2 long and short positions in different currencies are not netted off against each other.

39.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

40. **Restrictions on lending of money**

40.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

40.2 Acquiring a debenture is not lending for the purposes of paragraph 40.1, nor is the placing of money on deposit or in a current account.

40.3 Nothing in paragraph 40.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

41. **Restrictions on lending of property other than money**

41.1 Scheme Property of the Funds other than money must not be lent by way of deposit or otherwise.

41.2 Transactions permitted by paragraph 44 ("Stock lending") are not to be regarded as lending for the purposes of paragraph 41.1.

41.3 The Scheme Property of the Funds must not be mortgaged.

41.4 Nothing in this paragraph prevents a Fund or the Depositary at the request of the Fund, from lending, depositing, pledging or charging its Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of a Fund in accordance with COLL 5.

42. **General power to accept or underwrite placings**

42.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.

42.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

42.3 The exposure of a Fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

43. **Guarantees and indemnities**

43.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

43.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

43.3 Paragraphs 43.1 and 43.2 do not apply to in respect of the Company:

43.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and

43.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

43.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

43.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

44. **Stock lending**

44.1 The entry into stock lending transactions or repo contracts for the account of a Fund is permitted if the arrangement or contract is:

44.1.1 for the account of and for the benefit of the Fund; and

44.1.2 in the best interests of its Shareholders.

44.2 An arrangement or contract referenced above is not in the interests of Shareholders unless it reasonably appears to the Company or the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

44.3 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C) under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of

providing collateral to the “lender” to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

- 44.4 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 44.5 The Company or the Depositary acting in accordance with the instructions of the ACD may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of a Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate and otherwise must comply with the requirements of ESMA’s Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).
- 44.6 Across the Company, there is a maximum limit of 10% of the assets under custody that may be subject to stock-lending. The expected proportion of the assets under custody that will be subject to stock-lending, at Company level, is 0-10%.
- 44.7 The ACD should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- 44.8 Where a reverse repurchase agreement is entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the NAV of the Fund.
- 44.9 For a repurchase agreement entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the ACD.
- 44.10 Whilst the Funds do not currently make use of repurchase and reverse repurchase arrangements, they may do so in the future.
- 44.11 All revenues arising from stock lending transactions will be returned to the Funds (net of bank and agents fees payable to HSBC Bank plc), and the ACD does not take any fees or costs out of those revenues additional to its Fund Management Fee on the Scheme Property of each Fund or set out in Section 2 paragraph 8 (“Expenses of the Funds”). The bank and agent fees payable to HSBC Bank plc will be reported in the report and accounts in relation to each Fund for the preceding accounting period. The current fees payable to HSBC Bank plc are set out at Section 2 paragraph 8 (“Expenses of the Funds”).
- 44.12 Stock lending income generated for each Fund is disclosed in the annual report and accounts for the Company.

45. **Treatment of collateral**

- 45.1 For the purposes of paragraph 44, collateral is adequate only if it is:

- 45.1.1 transferred to the Depositary or its agent;
- 45.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary;
- 45.1.3 compliant with the requirements of the ESMA Guidelines 2014/937 EN (which require that all collateral used must comply with a number of factors including liquidity, valuation, issuer credit quality, correlation and diversification); and
- 45.1.4 in the form of one or more of:
 - 45.1.4.1 cash; or
 - 45.1.4.2 a certificate of deposit; or
 - 45.1.4.3 a letter of credit; or
 - 45.1.4.4 a readily realisable security ; or
 - 45.1.4.5 commercial paper with no embedded derivative content; or
 - 45.1.4.6 a qualifying money-market fund.
- 45.2 Where collateral received is invested in units in a short term money-market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in COLL 5.2.16 R must be complied with.
- 45.3 Collateral is sufficiently immediate for the purposes of paragraph 44 if:
 - 45.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
 - 45.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 45.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 45.4 The Depositary must ensure that in the context of stock lending transactions by a Fund under paragraph 44 ("Stock lending") the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 45.5 The duty in paragraph 45.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 45.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph, in relation to stock lending, may be regarded, for the purposes of valuation and pricing of the Company or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the Scheme Property of the Fund.
- 45.7 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
 - 45.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset by an obligation to transfer; and

45.7.2 it does not count as Scheme Property for any purpose of this Appendix other than this paragraph.

45.8 Where there is a title transfer, collateral received will be held by the Depositary (or a sub-custodian thereof) on behalf of the relevant Fund. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which should be unrelated to the provider of the collateral.

46. Permitted collateral in relation to OTC derivatives and EPM activities

46.1 The ACD has contractual arrangements in place with derivative counterparties which identifies the (i) types of collateral which a Fund may receive to mitigate counterparty exposure; (ii) minimum levels of collateral required from certain types of counterparties and transactions; and (iii) any discount to market value normally applied in relation to certain classes of assets received as collateral to cushion against a fall in value of those assets (a "haircut").

46.2 Collateral will be subject to a haircut depending on the classes of assets received. The haircut applied depends on the quality of assets received and their price volatility and the ACD stress tests collateral to check that haircuts provide sufficient protection.

46.3 Collateral will be valued at a market mid-price and subject to haircuts reflecting the volatility of the collateral. Cash collateral is not subject to haircuts due to volatility but may be subject to haircuts if it is in a different currency to the Fund.

46.4 All collateral used to reduce counterparty risk will comply with the following criteria at all times:

46.4.1 It must be highly liquid and traded on a regulated market.

46.4.2 It must be valued at least daily.

46.4.3 It must be of high credit quality.

46.4.4 It will be issued by an entity that is independent from the counterparty and will not be highly correlated with the performance of the counterparty.

46.4.5 It will be sufficiently diversified in terms of country, markets and issuers (in accordance with ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937)).

46.4.6 It will be held by the depositary or a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

46.4.7 It will be capable of being fully enforced by the ACD at any time without reference to or approval from the counterparty.

46.5 The maturity requirements of collateral in relation to stock lending will depend on the collateral being used and will be subject to the terms instructed by the ACD from time to time and the requirements of the relevant regulations.

47. Reinvestment of collateral

47.1 Non-cash collateral received by the Company should not be sold, re-invested or pledged.

47.2 Cash collateral received by the Company in relation to a Fund should only be:

- 47.2.1 placed on deposit with eligible credit institutions prescribed in Article 50(f) of the UCITS Directive;
 - 47.2.2 invested in high-quality government bonds;
 - 47.2.3 used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis; or
 - 47.2.4 invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049).
- 47.3 Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral set out in ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).
- 47.4 Where a Fund reinvests cash collateral in one or more of the permitted types of investment above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. In such circumstances the Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, and would therefore suffer a loss.

APPENDIX 3 - OTHER FUNDS MANAGED BY THE ACD

Royal London Unit Trust Managers Limited manages the following funds which are currently open for subscription:

Royal London Bond Funds ICVC

- Royal London Cash Plus Fund
- Royal London Cautious Managed Fund
- Royal London Corporate Bond Fund
- Royal London Duration Hedged Credit Fund
- Royal London Enhanced Cash Plus Fund
- Royal London Ethical Bond Fund (Bond Funds ICVC – in termination)
- Royal London European Corporate Bond Fund
- Royal London Global Index Linked Fund
- Royal London Index Linked Fund
- Royal London International Government Bond Fund
- Royal London Investment Grade Short Dated Credit Fund
- Royal London Short Duration Credit Fund (Bond Funds ICVC – in termination)
- Royal London Short Duration Gilts Fund
- Royal London Short Duration Global Index Linked Fund
- Royal London Short Term Money Market Fund
- Royal London Sterling Credit Fund
- Royal London UK Government Bond Fund

Royal London Bond Funds II ICVC

- Royal London Ethical Bond Fund
- Royal London Short Duration Credit Fund

Royal London Equity Funds ICVC

- Royal London Asia Pacific ex Japan Tracker Fund
- Royal London Emerging Markets ESG Leaders Equity Tracker Fund
- Royal London Europe ex UK Tracker Fund
- Royal London European Growth Fund
- Royal London European Opportunities Fund
- Royal London FTSE® 350 Tracker Fund
- Royal London Global Equity Diversified Fund
- Royal London Global Equity Select Fund
- Royal London Japan Tracker Fund
- Royal London UK All Share Tracker Fund
- Royal London UK Dividend Growth Fund
- Royal London UK Equity Fund
- Royal London UK Equity Income Fund
- Royal London UK Mid-Cap Growth Fund
- Royal London UK Opportunities Fund
- Royal London UK Smaller Companies Fund
- Royal London US Tracker Fund

Royal London Property Fund (PAIF)

Royal London Property Trust (a feeder fund for the Royal London Property Fund)

Royal London Multi-Asset Funds ICVC

- Royal London GMAP Conservative Fund
- Royal London GMAP Defensive Fund
- Royal London GMAP Balanced Fund
- Royal London GMAP Growth Fund
- Royal London GMAP Adventurous Fund

Royal London GMAP Dynamic Fund
Royal London Monthly Income Bond Fund
Royal London Multi Asset Strategies Fund

Royal London UK Real Estate Fund
Royal London UK Real Estate Feeder Fund (a feeder fund for the Royal London UK Real Estate Fund)

If you would like the Prospectus or latest ACD/Manager's Report and Accounts for any of the above funds please call the Registrar on 0345 602 3604.

APPENDIX 4 - PAST PERFORMANCE OF ROYAL LONDON FUNDS

Please remember that the value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements.

The funds were be launched by merger on 15 April 2019 and the past performance prior to this date refers to that of the merging funds.

Royal London fund	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Royal London Ethical Bond Fund (1)	-11.70	12.40	10.12	7.92	13.76	1.09	12.21	0.23	8.23	6.3	-1.2
Royal London Short Duration Credit Fund							4.76	1.64	5.27	4.7	0.4

- (1) The merging fund converted from unit trust to OEIC on 30 October 2009. Historic performance prior to this date includes an adjustment to take into account the conversion from dual to single pricing.

APPENDIX 5 - DELEGATES APPOINTED BY THE DEPOSITARY

Function	Appointed Service Provider
Sub-custodian – Argentina	HSBC Bank Argentina SA
Sub-custodian - Australia	HSBC Bank Australia Ltd
Sub-custodian - Austria	UniCredit Bank Austria AG
Sub-custodian - Austria	Erste Group Bank Ag
Sub-custodian - Bahrain	HSBC Bank Middle East Ltd (Bahrain)
Sub-custodian - Bangladesh	The Hongkong and Shanghai Banking Corporation Ltd (Bangladesh)
Sub-custodian - Belgium	BNP Paribas Securities Services (Belgium)
Sub-custodian - Belgium	Euroclear Bank S.A./N.V.
Sub-custodian - Bermuda	HSBC Bank Bermuda Ltd
Sub-custodian - Bosnia-Herzegovina	Unicredit Bank DD (Bosnia)
Sub-custodian - Botswana	Standard Chartered (Botswana)
Sub-custodian - Brazil	HSBC Corretora de Titulos e Valores Mobiliarios SA
Sub-custodian - Bulgaria	UniCredit Bulbank AD
Sub-custodian - Canada	Royal Bank of Canada
Sub-custodian - Chile	Banco Santander Chile
Sub-custodian - China	HSBC Bank (China) Ltd
Sub-custodian - Colombia	CorpBanca Investment Trust Colombia SA
Sub-custodian – Costa Rica	Banco Nacional De Costa Rica
Sub-custodian - Croatia	Privredna Banka Zagreb
Sub-custodian - Cyprus	HSBC Bank Plc, Athens
Sub-custodian - Czech Republic	Ceskoslovensak Obchodni Banka
Sub-custodian - Czech Republic	Unicredit Bank Czech Republic, A.S.
Sub-custodian - Denmark	Skandinaviska Enskilda Banken AB (publ), Copenhagen Branch
Sub-custodian - Egypt	HSBC Bank Egypt SAE
Sub-custodian - Estonia	AS SEB Pank

Function	Appointed Service Provider
Sub-custodian - Finland	Skandinaviska Enskilda Banken AB (publ.), Helsinki Branch
Sub-custodian - France	CACEIS Bank
Sub-custodian - France	BNP Paribas Securities Services (France)
Sub-custodian - Germany	HSBC Trinkaus & Burkhardt
Sub-custodian - Ghana	Standard Chartered Bank Ghana Ltd
Sub-custodian - Greece	HSBC Bank Plc
Sub-custodian - Hong Kong	The Hongkong and Shanghai Banking Corporation Ltd (HK)
Sub-custodian - Hungary	Unicredit Bank Hungary Zrt
Sub-custodian - India	The Hongkong and Shanghai Banking Corporation Ltd (India)
Sub-custodian - Indonesia	The Hongkong and Shanghai Banking Corporation Ltd (Indonesia)
Sub-custodian - Ireland	HSBC Bank Plc
Sub-custodian - Israel	Bank Leumi Le-Israel BM
Sub-custodian - Italy	BNP Paribas Securities Services (Italy)
Sub-custodian - Japan	The Hongkong and Shanghai Banking Corporation Ltd (Japan)
Sub-custodian - Jordan	Bank of Jordan
Sub-custodian - Kazakhstan	JSC Citibank Kazakhstan
Sub-custodian - Kenya	Standard Chartered Bank Kenya Ltd
Sub-custodian - Kuwait	HSBC Bank Middle East Ltd (Kuwait)
Sub-custodian - Latvia	AS SEB Banka
Sub-custodian - Lebanon	HSBC Bank Middle East Ltd (Lebanon)
Sub-custodian - Lithuania	SEB Bankas
Sub-custodian - Luxembourg	Clearstream Banking SA
Sub-custodian - Malaysia	HSBC Bank Malaysia Berhad
Sub-custodian - Mauritius	The Hongkong and Shanghai Banking Corporation Ltd (Mauritius)
Sub-custodian - Mexico	HSBC Mexico, SA

Function	Appointed Service Provider
Sub-custodian - Morocco	Citibank Maghreb
Sub-custodian - Netherlands	BNP Paribas Securities Services (Netherlands)
Sub-custodian - New Zealand	The Hongkong and Shanghai Banking Corporation Ltd (New Zealand)
Sub-custodian - Nigeria	Stanbic IBTC Bank plc
Sub-custodian - Norway	Skandinaviska Enskilda Banken AB (publ) Oslo Branch
Sub-custodian - Oman	HSBC Bank Oman S.A.O.G.
Sub-custodian - Pakistan	Citibank NA (Pakistan)
Sub-custodian - Palestine	HSBC Bank Middle East Ltd (Palestine)
Sub-custodian - Peru	Citibank del Peru
Sub-custodian - Philippines	The Hongkong and Shanghai Banking Corporation Ltd (Philippines)
Sub-custodian - Poland	Bank Polska Kasa Opieki SA
Sub-custodian - Portugal	BNP Paribas Securities Services (Portugal)
Sub-custodian - Qatar	HSBC Bank Middle East Ltd (Qatar)
Sub-custodian - Romania	Citibank Europe plc, Romania branch
Sub-custodian - Russia	AO Citibank
Sub-custodian - Saudi Arabia	HSBC Saudi Arabia Ltd
Sub-custodian - Serbia	Unicredit Bank Serbia JSC
Sub-custodian - Singapore	The Hongkong and Shanghai Banking Corporation Ltd (Singapore)
Sub-custodian - Slovakia	Ceskoslovenska Obchodna Banka A.S.
Sub-custodian - Slovenia	Unicredit Banka Slovenija DD
Sub-custodian - South Africa	Standard Bank of South Africa Ltd
Sub-custodian - South Korea	The Hongkong and Shanghai Banking Corporation Ltd (South Korea)
Sub-custodian - Spain	BNP Paribas Securities Services (Spain)
Sub-custodian - Sri Lanka	The Hongkong and Shanghai Banking Corporation Ltd (Sri Lanka)
Sub-custodian - Sweden	Skandinaviska Enskilda Banken AB (publ.)

Function	Appointed Service Provider
Sub-custodian - Switzerland	Credit Suisse AG
Sub-custodian - Switzerland	UBS AG
Sub-custodian - Taiwan	HSBC Bank (Taiwan) Ltd
Sub-custodian - Tanzania	Standard Chartered Bank (Mauritius) Ltd, Tanzania
Sub-custodian - Thailand	The Hongkong and Shanghai Banking Corporation Ltd (Thailand)
Sub-custodian - Turkey	HSBC Bank AS
Sub-custodian - Uganda	Standard Chartered (Uganda)
Sub-custodian - United Arab Emirates	HSBC Bank Middle East Ltd (UAE)
Sub-Custodian – United Kingdom	Deutsche Bank AG (London Branch)
Sub-Custodian – United Kingdom	JPMorgan Chase Bank NA (London)
Sub-Custodian – United Kingdom	HSBC Bank Plc (UK)
Sub-Custodian – United Kingdom	State Street Bank & Trust Co (UK)
Sub-Custodian – United Kingdom	UBS AG, London branch
Sub-custodian - United States	HSBC Bank (USA) NA
Sub-custodian - United States	Brown Brothers Harriman & Co
Sub-custodian - United States	Citibank, N.A. (USA)
Sub-custodian - United States	The Bank of New York Mellon Corporation
Sub-custodian - United States	JPMorgan Chase Bank NA
Sub-custodian - Uruguay	Banco Itau Uruguay SA
Sub-custodian - Vietnam	HSBC (Vietnam) Ltd
Sub-custodian - Zambia	Standard Chartered Bank (Zambia) Plc
Proxy voting	Broadridge Investor Communication Solutions Inc
Nominee companies	The Depositary uses various nominee companies
Registrar (if the Depositary is responsible for the registration function)	As agreed between the Fund/Management Company and the Depositary and described in the Fund's offering documents

The Depositary's sub-custodian in each jurisdiction supported by the Depositary for investment by the funds it acts as depositary of is included in the list above. The sub-

custody delegates from time to time used by the Depositary in relation to the Funds are the sub-custody delegates listed for the jurisdictions in which the Fund has actually invested.

This Appendix 5 may be amended at any time by the Depositary. The Depositary shall notify the Fund or the ACD of any amendments that it makes to its depositary delegates list.

Investors should note that the list of Depositary's sub-custodians is updated only at each Prospectus review.

An updated list of sub-custodians is maintained by the ACD and is available on request.