



31 October 2024

Dear Shareholder,

Changes to Royal London Ethical Bond Fund

We are writing to you as a shareholder in Royal London Ethical Bond Fund (the "**Fund**"), a sub-fund of Royal London Bond Funds II ICVC to notify you of certain changes that we will be making to the Fund.

The changes described in this letter do not require shareholder approval and you do not need to take any action. **However, we recommend that you read this letter as it contains information about your investment.**

The changes described in this letter will take effect on 2 December 2024 (the "**Effective Date**").

1. What changes are we making?

On 28 November 2023, the Financial Conduct Authority ("**FCA**") released its Policy Statement concerning the Sustainability Disclosure Requirements ("**SDR**"), which is a new piece of regulation intended to improve trust and transparency to the market for sustainable investment products through the introduction of sustainability investment labels, specific naming and marketing rules, and a range of information disclosures required for certain funds and asset managers.

These new rules come into force over a range of dates, but of particular note, the naming and marketing rules come into force on the 2 December 2024.

The Royal London Ethical Bond Fund is captured under SDR by the naming and marketing rules. These require that products with sustainability-related terms in their names or marketing must accurately reflect those characteristics and produce the same types of disclosures as those required for a sustainability labelled product. The Royal London Ethical Bond Fund will not adopt a label under SDR but will continue to be managed and promoted to investors on the basis of its ethical screen-based investment approach.

We are proposing to make amendments to the Fund's Investment Objective and Policy to clarify the investment approach for customers. Previously, the Fund has been subject to a separate Ethical Bond Fund Policy that set out the screening criteria that is applied to the Fund, however this document will be discontinued going forward as this detail is being transferred into the Fund's prospectus.

The changes will not affect the Fund's risk profile, nor affect the way in which it is currently managed. As well as being beneficial for customers, the provision of greater clarity around certain aspects of the investment process in the Fund's Investment Objective and Policy is required to comply with the regulatory requirements as part of SDR.

Details of the changes are set out in the Appendix attached to this letter, including the list of all share classes impacted.

2. When will the changes come into effect?

The changes will take effect on the Effective date. The Fund's prospectus, KIIDs and other documents will be updated to reflect the changes described in this letter. Copies of the updated documents will be available on our website: www.rlam.com/uk and are available for inspection at our offices, 80 Fenchurch Street, London EC3M 4BY, during normal business hours.

3. Who will cover the costs of implementing the changes?

All costs associated with making these changes will be borne by us and not by the Fund.

4. Your options

We hope that you will remain invested, but you are entitled to switch your shares in the Fund for shares or units in another Royal London Unit Trust Managers Limited fund, free of any initial charge, at any time before the Effective Date. If you wish to do this, please contact us on the details set out at the end of this letter.

Alternatively, you can tell us by contacting us (please see the details set out below) that you wish to redeem your holding in the Fund at any time and we will organise it at the next dealing opportunity. Once the sale is complete, we will send the payment directly to the bank account we have on file within 2 business days.

Please note that a switch or redemption of units will be treated as a disposal of shares for tax purposes, and you may be liable to capital gains tax on any gains arising from a switch or redemption of your shares.

5. Questions

If you have any queries regarding this communication, please contact us on 0345 602 3604 between 9.00am and 5.00pm (Monday to Friday) or via your normal relationship contact at Royal London Asset Management. We are happy to provide this letter in alternative formats such as braille, large print and audio. Just ask us by calling on the phone number above.

Yours faithfully



Susan Spiller

Director

For and on behalf of
Royal London Unit Trust Managers Limited
as authorised corporate director of
Royal London Bond Funds II ICVC



Appendix

Changes to the Fund

We will be making the following changes to the Fund:

Fund Name	ISIN	SEDOL
Royal London Ethical Bond M Acc	GB00BJ4KSX76	BJ4KSX7
Royal London Ethical Bond M Inc	GB00BJ4KSY83	BJ4KSY8
Royal London Ethical Bond S Acc	GB00BJYLYY34	BJYLYY3
Royal London Ethical Bond S Inc	GB00BJYLYX27	BJYLYX2
Royal London Ethical Bond Z Acc	GB00BMY4CR20	BMY4CR2
Royal London Ethical Bond Z Inc	GB00BJ4KSZ90	BJ4KSZ9

Investment objective, policy and strategy

	Current	New
Fund name	Royal London Ethical Bond Fund	Royal London Ethical Bond Fund Sustainable investment labels help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label as part of the FCA's UK Sustainability Disclosure Requirements because it does not meet the UK regulator's qualifying criteria.
Investment objective	The Fund's investment objective is to achieve a total return (1) over the medium term, which should be 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 investment objective is to achieve a total return (1) over the medium term, which should be 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, after the deduction of charges, the Markit iBoxx Sterling Non-Gilt Total Return All

	<p>The Fund's performance target is to outperform, after the deduction of charges, the Markit iBoxx Sterling Non-Gilt Total Return All Maturities GBP Index (the "Index") over rolling 5-year periods (3). The Index is regarded as a good measure of the performance of investment-grade (2) corporate bonds denominated in sterling.</p> <p>The performance of each share class may differ depending upon the level of share class charges. Investors should consider the charges on their share class when considering how the Fund has performed.</p> <p>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.</p> <p>The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the objective.</p>	<p>Maturities GBP Index (the "Index") over rolling 5-year periods (3). The Index is regarded as a good measure of the performance of investment-grade (2) corporate bonds denominated in sterling.</p>
<p>Investment policy</p>	<p>At least 80% of the Fund will be invested in corporate bonds (2) and in index linked corporate bonds (5), securitisations (6), supranational bonds (7), agency bonds (8), floating-rate notes (9) and asset-backed securities (10), each denominated in sterling or hedged (4) back to sterling. These investments will generally be fixed-rate issues (bonds paying interest at an unchanging rate, rather than on an adjustable basis).</p> <p>Where the manager believes it is in the best interests of the Fund, they may invest the remainder of the Fund's assets in a range of securities, including government bonds (11), preference shares (12), convertible bonds (13), bonds denominated in currencies other than sterling, which are unhedged, other transferable securities (14), money market instruments (15) and exchange-traded funds (16).</p> <p>Up to 10% of the Fund may be invested in other funds known as collective investment schemes, including those</p>	<p>At least 80% of the Fund will be invested in corporate bonds (2) and in index linked corporate bonds (5), securitisations (6), supranational bonds (7), agency bonds (8), floating-rate notes (9) and asset-backed securities (10), each denominated in sterling or hedged (4) back to sterling. These investments will generally be fixed-rate issues (bonds paying interest at an unchanging rate, rather than on an adjustable basis).</p> <p>Where the Investment Manager believes it is in the best interests of the Fund, they may invest the remainder of the Fund's assets in a range of securities, including government bonds (11), preference shares (12), convertible bonds (13), bonds denominated in currencies other than sterling, which are unhedged, other transferable securities (14), money market instruments (15) and exchange-traded funds (16).</p> <p>Up to 10% of the Fund may be invested in other funds known as collective investment schemes, including those managed by Royal London Unit Trust Managers Limited or another Royal London Group company.</p>

	<p>managed by Royal London Unit Trust Managers Limited or another Royal London Group company.</p> <p>The Fund's manager believes that bond markets are inefficient, which creates valuation anomalies (cheaper bonds that are higher in quality than the market believes). As a value investor, the manager will emphasise their own research and aim to invest in attractively valued bonds issued by companies with sound long-term business models.</p> <p>The Fund is managed according to pre-set ethical criteria that considers issues including armaments, gambling and tobacco. A full specification of the Fund's ethical criteria is available on the www.rlam.com/uk website, in the policies and regulatory section.</p> <p>The Fund may also invest hold a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of efficient portfolio management (17). Different kinds of derivatives are permitted – for example, interest-rate derivatives (18) and foreign-exchange forwards (19), which are used to hedge (4) non-sterling currency exposures back to sterling.</p> <p>Cash is unlikely to exceed 5% of assets and will be used for investment purposes and to manage inflows and outflows of investors' money.</p>	<p>The Fund's Investment Manager believes that bond markets are inefficient, which creates valuation anomalies (cheaper bonds that are higher in quality than the market believes). As a value investor, the Investment Manager will emphasise their own research and aim to invest in attractively valued bonds issued by companies with sound long-term business models.</p> <p>The Investment Manager will not invest in companies which derive revenues above specified thresholds from excluded unethical activities (see more detail in the Investment Strategy below).</p> <p>The Fund may also invest a small amount of its portfolio in derivatives (investments that derive their value from another closely related underlying investment) for the purposes of efficient portfolio management (17). Different kinds of derivatives are permitted – for example, interest-rate derivatives (18) and foreign-exchange forwards (19), which are used to hedge (4) non-sterling currency exposures back to sterling.</p> <p>Cash is unlikely to exceed 5% of assets and will be used for investment purposes and to manage inflows and outflows of investors' money.</p> <p>The Index used is considered an appropriate benchmark for the Fund's performance, as many of the Fund's potential investments will be included in the Index.</p> <p>The performance of each share class may differ depending upon the level of share class charges. Investors should consider the charges on their share class when considering how the Fund has performed.</p>
<p>Investment strategy</p>	<p>-</p>	<p>The Fund is actively managed, meaning that the Investment Manager will use their expertise to select investments to meet the objective.</p> <p>The Investment Manager selects assets for the Fund by applying an ethical screen and then assessing ESG risks (as described below).</p> <p><u>Ethical Screening process</u> The Investment Manager applies an ethical screening process, identifying bonds which meet the Fund's established ethical criteria,</p>

		<p>while excluding those that do not satisfy the criteria.</p> <p>Within the ethical screening process, the Investment Manager applies nine tests to determine eligibility. Six of these tests relate to specific sectors of business operations which are deemed unethical, and the remaining three are concerned with practices or behaviours that are deemed unethical. Where an issuer derives more than 10% of its revenue from a sector that has been deemed unethical, the Investment Manager will not invest in bonds issued by that company. The Investment Manager has chosen a 10% revenue threshold as it deems revenue generated above this amount constitutes a material part of a businesses' revenue.</p> <p><u>Sector based exclusions</u></p> <ul style="list-style-type: none"> • Alcohol – revenue from alcohol production and from the sale of alcoholic products. • Armaments – revenue from the production of conventional weapons, components for such products or support systems and services for such products; production of biological or chemical weapons, components for such products; production of nuclear weapons, exclusive and dual-use delivery platform capable to deliver such products, intended and dual-use components of such products, services provided for such products; and the production of blinding laser, incendiary or non-detectable fragments weapons. • Gambling – revenue from gambling operations, including online or mobile gambling, and supporting activities. • Tobacco – revenue from the production, distribution or retail of tobacco products, as a licensor of brand names for tobacco products, or as a supplier for tobacco products. • Pornography – revenue from the production, distribution or retail of adult entertainment products or services. • Fossil fuels – revenue from oil and gas extraction, production and refining. Metallurgical coal revenue that a company derives from the mining of metallurgical coal (including coking coal) and its sale to external parties. Any involvement in thermal coal. <p><u>Behaviour or Practice based exclusions</u></p>
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		<p>Manager but are not binding on the investment selection process and the Fund can invest in any holding (unless otherwise excluded).</p> <p><u>Monitoring, Stewardship and Engagement</u> The Investment Manager's Responsible Investment team will review the ethical screen on an annual basis.</p> <p>The Investment Manager's portfolio management system prevents investment in bonds which do not meet the ethical screening criteria. This functionality also identifies and appropriately notifies the Investment Manager where an existing bond held by the Fund moves from a position of compliance with the ethical screen to non-compliance. Where non-compliance is identified the Investment Manager will disinvest.</p> <p>The Investment Manager is a signatory to the UK Stewardship Code 2020 and actively engages with investee companies and bond issuers. More details on the Investment Manager's stewardship activity can be found in the Stewardship Report, available on the Investment Manager's website.</p> <p>The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.</p> <p>*ESG risks means any risks to a company's ongoing business activity or financial performance that stem from environmental, social or governance issues. Examples might be business risks that result from climate change or emissions; customer, employee or community relations; or company management practices.</p>
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