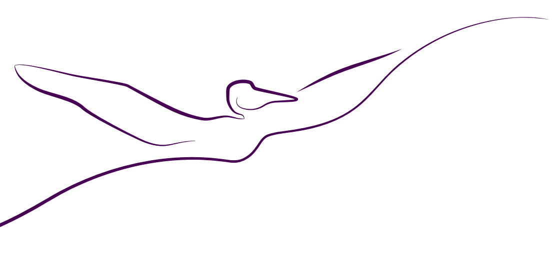
Credit investing

For professional clients only, not suitable for retail clients.

Introduction

Royal London Asset Management has a **highly experienced** fixed income team that has developed a reputation as one of the UK's leading managers of credit bonds and has delivered **strong performance** through changing economic conditions and business cycles. We currently manage over £42 billion of assets across our different credit strategies (as at 31 March 2024). Our success is based on a **deep understanding** of our clients' investment objectives and the use of our in-depth market knowledge to **exploit investment opportunities** that help us meet these aims.

We offer a **range of credit strategies** seeking to meet a broad range of investor needs. Our offering spans investment and sub investment grade credit, including long dated, all maturities and short duration bonds as well as cashflow matching and ethical solutions. Our credit strategies are managed in a **collegiate** manner in line with a **distinctive, unconstrained approach.**



Investment philosophy

We firmly believe that our long-held investment philosophy offers us a competitive advantage in the credit market. Key to our view is that credit markets offer the opportunity to exploit long-established inefficiencies. These inefficiencies arise from:

1. the benchmark orientation of many managers;
2. the use of credit ratings as a key driver of security selection;
3. the inefficiency created by large scale managers having to focus on the most liquid issues and the subsequent lack of research on less high profile issues and, above all;
4. the undervaluation of security.

These factors offer the focused manager great opportunities for potential outperformance. We believe that our emphasis on covenants, structure and security has underpinned our consistent outperformance. By considering a wider investment universe than many of our competitors – including unrated and asset backed bonds and loans – we can uncover value in many, often overlooked, areas.

Our credit philosophy – capturing market inefficiencies

Benchmarks	Ratings	Security	Liquidity
Rule-based Debt weightings	Default, not recovery Increasing inflexibility	Credit enhancements underappreciated	Perceived liquidity over-valued
We search out overlooked & under researched bonds	**We focus on "true" risk**	**We appreciate the advantages of security & covenants**	**We recognise the liquidity Illusion**

Source: Royal London Asset Management, for illustrative purposes only

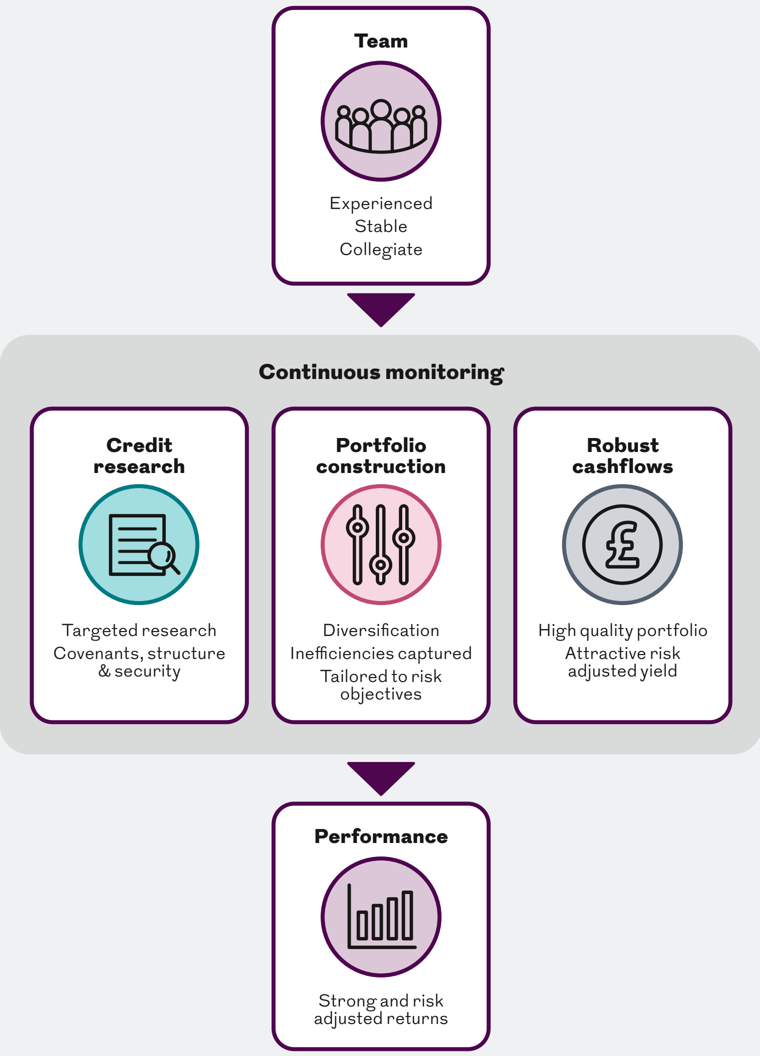
Investment process

Royal London Asset Management's credit team encompasses credit and leveraged finance specialists, who identify and analyse opportunities across a broad and diverse universe which encapsulates a wide range of global issuers. Our teams are also prepared to search wider for mis-priced risk within non-investment grade and unrated bonds.

Our credit process has two key objectives. First, the team seek to exploit market inefficiencies in order to identify mis-priced credit risk. This is based on the premise that investors tend to be overly reliant on credit rating agencies, whose methodologies are too narrow and rigid. We also believe that the market under-values genuine credit enhancements and overvalues more superficial characteristics. Second, the team aims to identify and manage specific risk in portfolios by ensuring appropriate research coverage is maintained.

This process is supplemented by our significant diversification and high proportion of secured exposure.

Summary of investment process

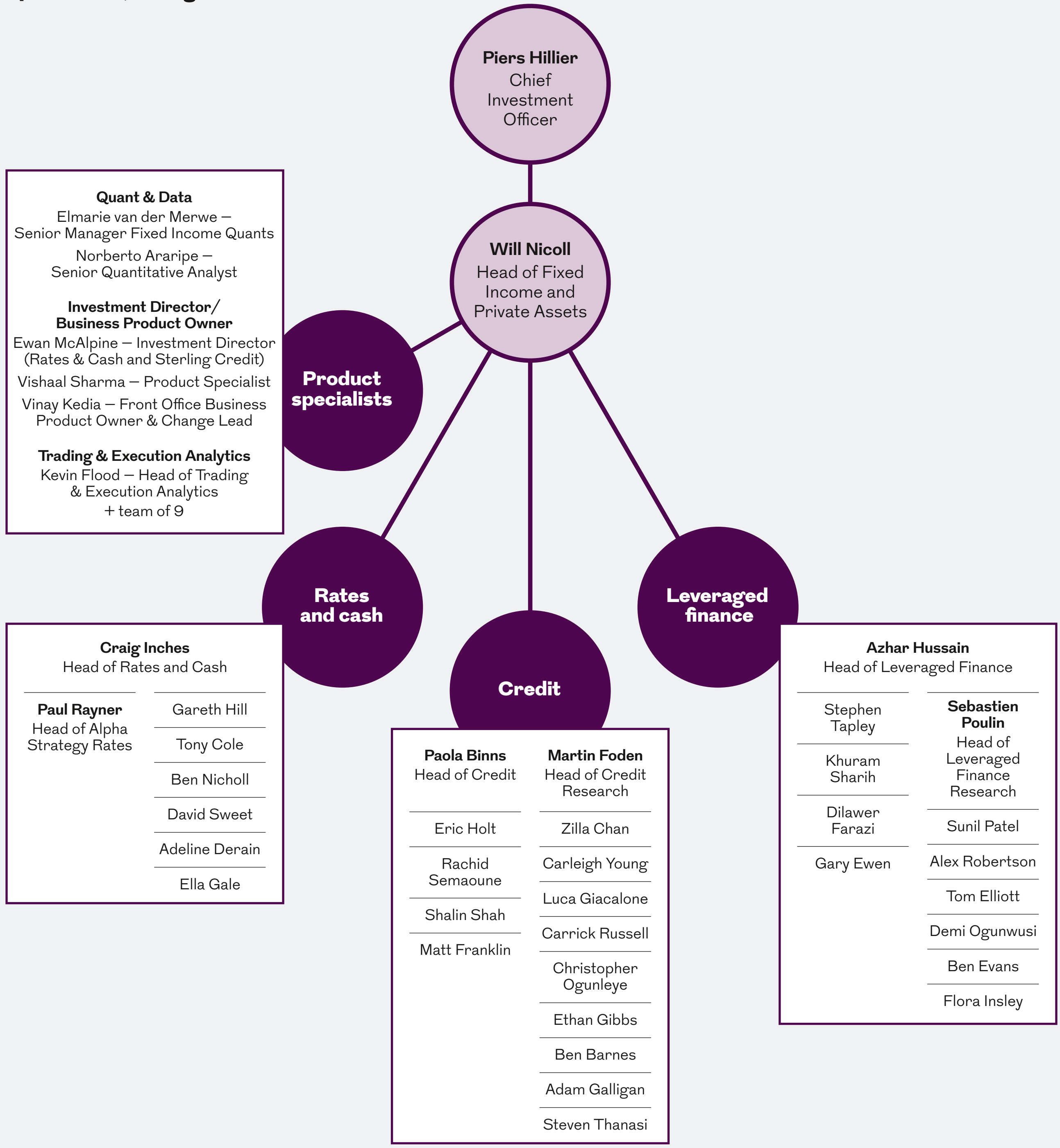


Source: Royal London Asset Management, for illustrative purposes only

Fixed Income team

Royal London Asset Management's experienced Fixed Income team offers contrasting and complementary expertise. Our collegiate approach to fixed income investing is highly differentiated, established and repeatable. It is the experience, skill and stability of the team that sets us apart, giving us an edge in a highly competitive market. We can demonstrate high and consistent outperformance in a wide variety of economic and market conditions and our many industry awards are further testament to the strength of our proposition.

Experienced, collegiate and focused



Source: Royal London Asset Management, as at 31 December 2025

Our capabilities

Royal London Asset Management's credit capabilities encompass a wider investment universe than our peers and our process is underpinned by the research of our team of analysts, whose research seeks to give our fund managers the opportunity to uncover value in often overlooked areas of the market. Our distinctive, team oriented process to managing credit is well-established.

We employ this process across a range of credit solutions spanning investment grade and high yield assets as well as different geographies. We believe market inefficiencies provide an opportunity for longer-term investors to capitalise on attractive credit spreads in excess of government bonds, whilst maintaining an appropriate level of risk. Our credit strategies are focused on the delivery of attractive returns supported by reliable income over the longer term.

In addition to our range of all maturities strategies, we also have a number of shorter duration credit solutions. Duration is an important tool for bond fund managers. Allowing managers to compare potential price sensitivity across bonds with varying yields, prices and maturities, duration can be adjusted to control portfolio risk. Less exposed to economic cycles, shorter duration bonds can be invaluable in helping manage interest rate risk. In addition, the closer the bond maturity, the quicker the principal can be reinvested at a new interest rate, which can be beneficial when interest rates rise, offering potential for a higher yield.

We continue to expand our credit expertise to include a greater variety of strategies. Our buy and maintain credit strategies apply the same investment philosophy as our other credit offerings to low turnover portfolios. They seek to exploit market inefficiencies while providing risk adjusted returns across an actively constructed, diversified portfolio of high quality corporate bonds. They also go some way to meeting the cashflow requirements of liabilities. We feel that corporate bonds can provide a genuine opportunity for pension schemes to match their liabilities and 'lock-in' excess return for the long term.

Building on the proven success of our investment grade credit and global high yield capabilities, we have developed a multi asset credit (MAC) proposition to meet client demand for greater diversification of credit. Our MAC strategy invests across a broad universe of assets including high yield and investment grade bonds as well as emerging market debt, loans and asset backed securities. We aim to build a portfolio focused on security of income, with sufficient income to bolster the portfolio against volatility.

Historically, sustainable investing has been closely associated with equity investing, yet we think it suits credit just as well. The risk profile of bonds is asymmetric: the upside is capped, whereas the downside is everything – making effective risk management critical. This is where the sustainable approach is especially valuable, since it limits the investment universe to companies with relatively low ESG risks that tend to be well regarded by society due to their 'do good' credentials.

At Royal London Asset Management we manage a range of sustainable credit funds with either a UK or global focus, as well as a short duration option, giving clients flexibility in how they want to build their exposure to this area. The UK biased sustainable funds tap the same investment philosophy and exploit the inefficiencies in the sterling market, while the global fund offers diversification across more sectors and issuers, and allows us to take advantage of cross-currency inefficiencies to add yield.

Fund risks

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Leverage risk: The fund employs leverage with the aim of increasing the fund's returns or yield, however it also increases costs and its risk to capital. In adverse market conditions the fund's losses can be magnified significantly.

Counterparty risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the fund to financial loss.

Emerging markets risk: Investing in emerging markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Liquidity risk: In difficult market conditions the value of certain fund investments may be difficult to value and harder to sell, or sell at a fair price, resulting in unpredictable falls in the value of your holding.

Interest rate risk: Fixed interest securities are particularly affected by trends in interest rates and inflation. Ifinterest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Exchange rate risk: Changes in currency exchange rates may affect the value of your investment.

EPM techniques: The fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the fund to increased price volatility.

Credit risk: Should the issuer of a fixed income security become unable to make income or capital payments, ortheir rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Concentration risk: The price of funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

Derivative risk: Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both fund losses and gains. The impact to the fund can be greater where they are used in an extensive or complex manner, where the fund could lose significantly more than the amount invested in derivatives.

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

Important information

For Professional Clients only, not suitable for Retail Clients.

This is a financial promotion and is not investment advice.

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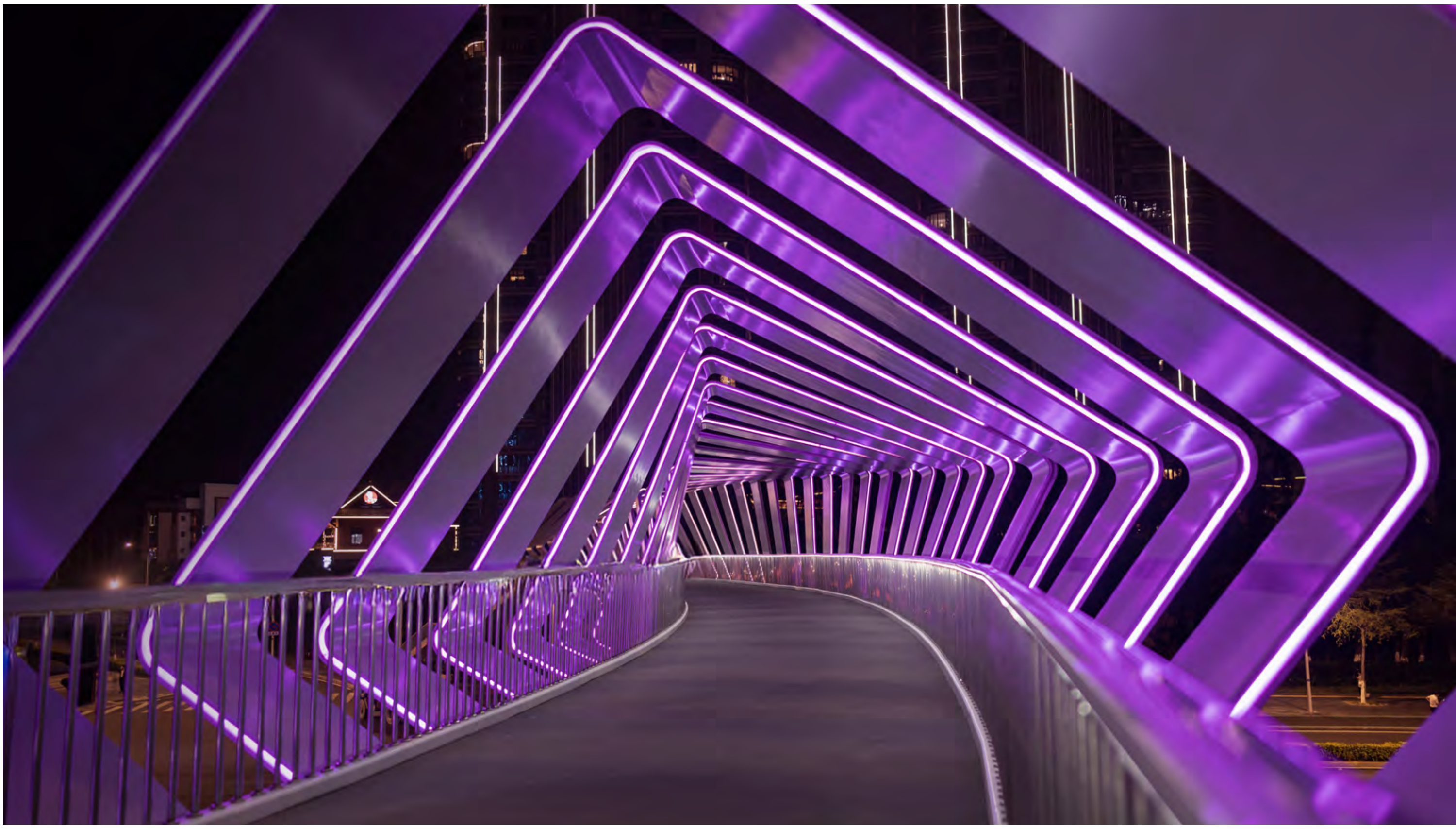

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