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Royal London Emerging Markets Corporate Bond Fund

Quarterly Investment Report

31 December 2025

Quarterly Report

The fund as at 31 December 2025

The purpose of this report is to provide an update on the Royal London Emerging Markets Corporate Bond Fund. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The investment objective of the Fund is to provide a combination of investment growth and income, primarily by investing in emerging market corporate bonds. The Fund will seek to achieve its objective on an active basis. The Fund's performance target is to outperform the J.P. Morgan CEMBI Broad Diversified Index (the "Benchmark") over rolling three year periods.

Fund value

	Total $m
31 December 2025	104.82

Fund analytics

	Fund
Fund launch date	18 April 2023
Fund base currency	USD
Benchmark	J.P. Morgan Corporate Emerging Markets Bond Index Broad (Total Return, USD)
Duration to worst	3.98 years
Redemption yield (FX adjusted) (%)	6.71

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.03	1.29	(0.26)
1 Year	10.82	8.73	2.09
Since inception (p.a.)	9.24	8.26	0.98

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on M Acc USD. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 18 April 2023.

Performance commentary

The fund was behind its benchmark in the fourth quarter but still recorded positive absolute returns. For 2025, the fund was well ahead of its benchmark.

As has been the case throughout the year, the returns in the emerging market bond market were driven by the high yield part of the market. Following the volatility spurred on by the US Administration in the first half of the year, we have yet to feel any tariff effects – but remain conscious that these could be lagged.

The fund's strategic overweight to Central & Eastern Europe, Middle East & Africa (CEEMEA) was the main driver for performance in the quarter.

Our Latin America holdings came under some strain in the period, stemming from the fallout from Braskem – which the fund does not hold. The petrochemical firm reported potential cashflow issues, leading to a credit downgrade, which in turn had a knock-on effect on the Brazilian market.

Emerging market high yield continues to offer attractive value from a relative and absolute perspective, while emerging market investment grade bonds trade close to historic tights relative to developed market investment grade.

In the emerging market index, every sector saw positive returns in the quarter, while the fund's relative performance was driven by our technology, media & telecommunications and metal & mining holdings.

Strong emerging market issuance continued into the fourth quarter, hitting $70.9bn for the period, topping the $66.4bn seen in the same period last year, but did see its usual lull around US Thanksgiving. The split was 78% investment grade and 22% high yield. Regionally, issuance was dominated by CEEMEA, with 52% of the $70.9bn coming from there, while 36% was from Asia and 12% Latin America. Looking at the year as a whole, the market saw $438.7bn issued, which is up 22% on 2024 and represents the highest annual figure since 2021.

Performance and activity

Top 10 holdings

	Weighting (%)
UZAUTO MOTORS AJ 7.375 19 Nov 2030	1.56
TURK TELEKOMUNIKASYON AS 6.95 07 Oct 2032	1.55
AZULE ENERGY FINANCE PLC 8.125 23 Jan 2030	1.54
IHS HOLDING LTD 8.25 29 Nov 2031	1.52
HTA GROUP LTD 7.5 04 Jun 2029	1.51
ITTIHAD INTERNATIONAL INVESTMENT L 7.375 13 Nov 2030	1.47
LATAM AIRLINES GROUP SA 7.625 07 Jan 2031	1.47
FIRST ABU DHABI BANK PJSC 5.875 31 Dec 2079	1.46
VALE OVERSEAS LTD 6 25 Feb 2056	1.45
SEPLAT ENERGY PLC 9.125 21 Mar 2030	1.44
Total	**14.97**

Fund activity

The fund was comfortable with the fundamentals of holdings and specifically from a tariff exposure perspective, happy to be patient and take advantage of any attractive buying opportunities in fundamentally strong names. Over the quarter, the fund increased it's exposure to names higher up the ratings scale.

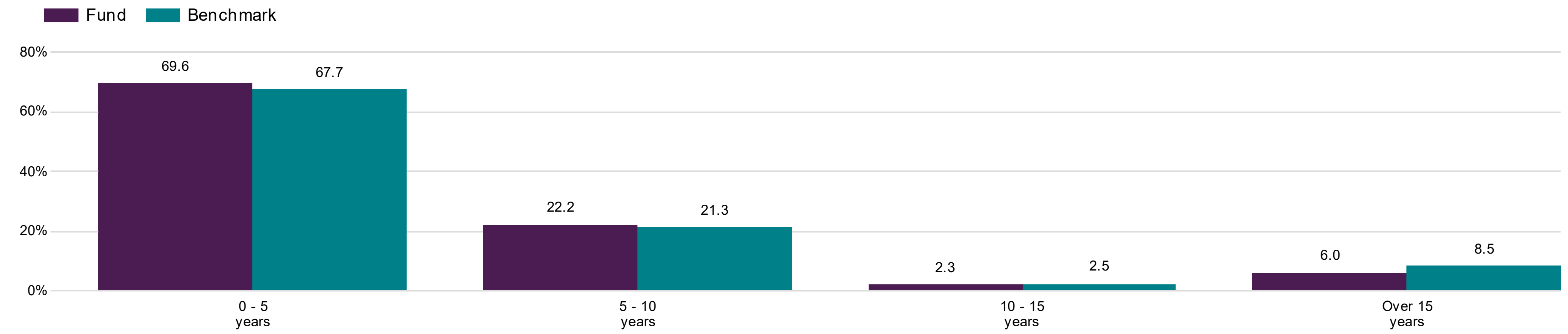
The Latin America region continues to offer attractive valuations – in both high yield and investment grade bonds, the fund is slightly overweight – to take advantage of this.

The fund is overweight Central & Eastern Europe, Middle East & Africa (CEEMEA) – due to the attractive higher yielding opportunities in the region.

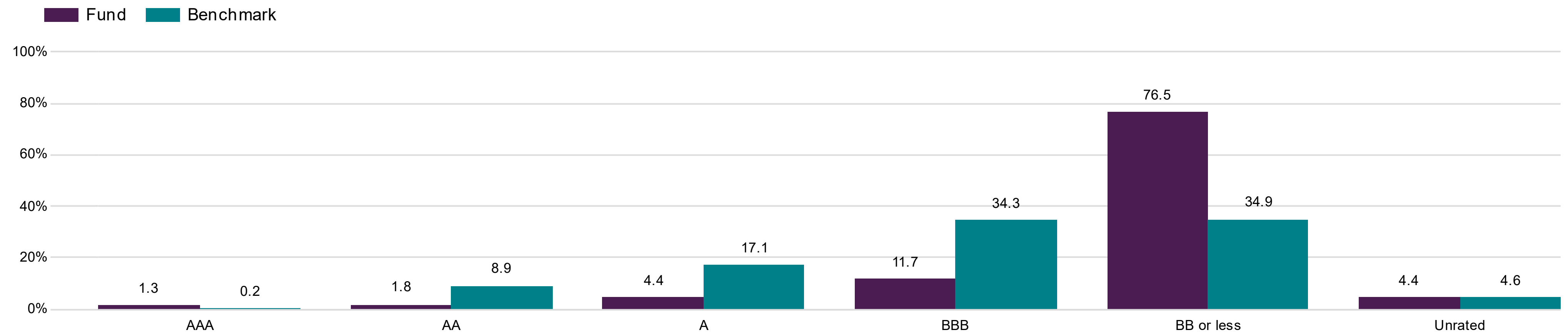
The fund continues to remain underweight Asia – as there is better value elsewhere in EM investment grade, with a lack of attractive emerging markets high yield opportunities in the region.

Fund breakdown

Maturity profile

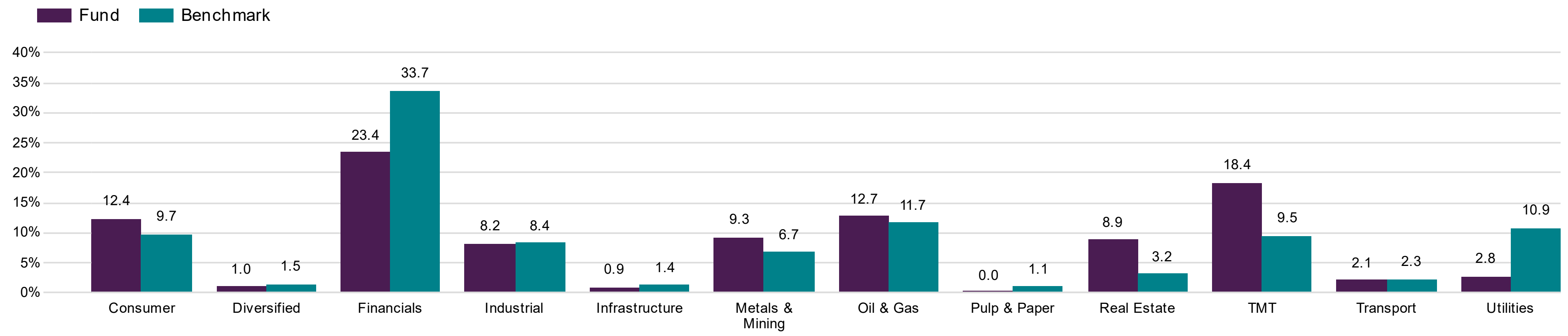


Credit ratings

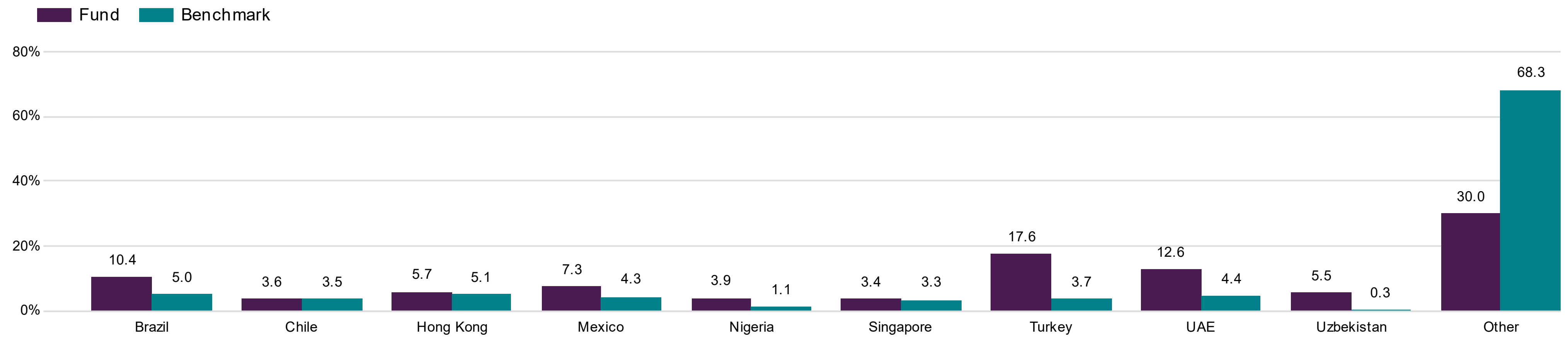


Fund breakdown

Sector breakdown



Geographical breakdown



Market commentary

Market overview

Markets were focused on the US during the fourth quarter, with rate cuts from the Federal Reserve bookending the longest US Federal Government shutdown in history. The decision was accompanied by language suggesting a pause after three cuts in the final four months of 2025.

In the euro zone, the European Central Bank left rates unchanged – with inflation concerns causing reluctance to cut further after four cuts in the first half of 2025. The Bank of England (BoE) cut rates from 4% to 3.75%, the sixth cut since mid-2024 from the recent peak of 5.25%. The BoE noted that inflation was still a concern (reflected in a 5-4 vote) but concerns over downside risks including an unemployment rate that has edged to its highest rate since the Covid pandemic.

Risk assets closed the year strongly – the third consecutive year of double digit returns for equities. After the sharp fall in the wake of the Trump tariff announcement in early April, global equity markets generally ground higher, including during the fourth quarter, helped by ongoing optimism over AI as well as supportive corporate earnings. For the year as a whole, there was strong performance from all major markets – the US, Europe, UK and Japan – with the US lagging in common currency terms after the US dollar weakened significantly. Global credit has benefited from falling interest rates and the strong corporate backdrop leading to tighter credit spreads.

Government bond yields were mixed, with US and German government bond yields edging higher, while UK yields moved lower on hopes that the November budget announcement would be gilt-friendly. Gilts rallied as Budget news broke but the initial volatility was absorbed during the course of the day, with expected tax hikes backloaded and some action to curb short-term inflation announced.

Benchmark 10-year gilt yields fell from 4.70% to end at 4.55%, meanwhile UK 30-year gilt yields took a step back from their highest levels in almost 30 years seen in the summer. In the US, 10-year treasury yields rose slightly to 4.14% from 4.13% at the end of September but seen volatility in the interim. The German 10-year bund yield was 2.82% at the end of the fourth quarter, rising from 2.67% three months prior.

In the high yield market, the ICE BofAML (BB-B) Global Non-Financial High Yield Index (sterling hedged) benchmark returned 1.42% in the fourth quarter with spreads ending the three-month period at 245bps, tightening from 252bps at the start of the quarter. At the end of the period, the index's yield-to-worst stood at 5.86%, drifting lower over the quarter. In the broader-based high yield index, which includes CCC rated bonds, spreads were largely unchanged at 299bps.

Economic overview

Business surveys look consistent with most major economies seeing growth in the fourth quarter, continuing to show some resilience in the face of this year's higher US tariff rates and global trade tensions. Despite inflation generally remaining above central bank targets, there were further rate cuts in Q4 from the US Federal Reserve and Bank of England. The US economy was disrupted in Q4 by the US government shutdown. In the UK, some activity may have been held back in light of uncertainty around the later than usual Budget.

The US Federal Reserve cut rates 25bps at both its October and December meetings, driven by worries around the labour market. The December participant projections indicated a median expectation of one cut in 2026 and another in 2027, but language in the statement has been associated in the past with a pause. Worries about Federal Reserve independence ticked along with President Trump saying that the next Fed Chair should consult him on interest rates and saying that he would like to see interest rates at 1% or maybe lower.

Outlook

Emerging market corporate fundamentals continue to remain strong, and we continue to monitor any tariff related exposure of holdings. We remain confident with the regional weightings of the fund. The fund will use any volatility to invest opportunistically.

Global geopolitical and macroeconomic uncertainties have impacted emerging market corporate credit yields creating attractive opportunities for those prepared to look carefully. The tensions in the Middle East did not have a material impact on emerging markets valuations, but continued volatility in oil prices could see weakness in some of the higher cost producing energy names in emerging markets.

We are also in a very moderate default climate up to now. Emerging market corporate default rates are very low. While companies are relatively comfortable with the strength of their balance sheets, primary markets going forward will be monitored if any future uncertainty or risk off environment keeps primary markets closed for a sustained period.

The main catalyst for volatility in emerging markets could be policy trajectory from the Trump administration. We continue to monitor tariff impacts, inflation expectations, future Federal Reserve governance and US dollar strength.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

Royal London Sterling Credit ESG analysis

TCFD climate report

Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of www.rlam.com, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

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The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

The Fund is a sub-fund of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds.

Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme under the Financial Services and Markets Act 2000.

The Management Company is FundRock Management Company SA, Registered office: Airport Center Building, 5 Heienhaff, L-1736 Senningerberg, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

The Investment Manager is Royal London Asset Management Limited.

The Prospectus and Key Investor Information Document (KIID) are available in English via the relevant Fund Information page on www.rlam.com. A summary of investor rights is also available in English, and can be accessed at www.rlam.com/uk/policies-and-regulatory

RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

For more information on the Fund or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

Risks and Warnings

Investment risk

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

Credit risk

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

EPM techniques risk

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

Interest rate risk

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

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.

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.

Responsible investment risk

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

Performance to 31 December 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception
Fund (gross)	1.03	5.16	10.82	-	27.04
Fund (net)	0.82	4.73	9.92	-	24.29

Annualised (%)

3 Years (p.a.)	Since Inception (p.a.)
-	9.24
-	8.36

Year on year performance (%)

	31/12/2024 - 31/12/2025	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021
Fund (gross)	10.82	8.61	-	-	-
Fund (net)	9.92	7.74	-	-	-

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment.

Source: RLAM as at 31 December 2025. All figures are mid-price to mid-price for the Royal London Emerging Markets Corporate Bond Fund M Acc USD share class. Since inception date 18 April 2023.

Glossary

Bonds

Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest. Corporate bonds are those issued by companies to raise finance.

Credit ratings

Credit ratings are based on RLAM composite ratings which uses a hierarchy of S&P, Moody's and then the Fitch rating.

Currency hedged share classes

Currency Hedged Share Classes aim to provide investors with a return highly correlated to the return of the base currency share class by minimising the impact of exchange rate fluctuations between the base currency of the Fund and the investor's chosen currency. Derivatives are typically used to hedge the relevant share classes.

Derivatives

A financial instrument whose price is dependent upon or derived from one or more underlying asset.

Duration

Measure of sensitivity of a Fixed Income instrument to changes in interest rates, indicating the potential impact of interest rate fluctuations on the value of the investment.

Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Fund analytics

All figures exclude cash. Credit bonds include non-sterling bonds and CDs where held within the fund or benchmark.
This is applicable to the following sections: fund Asset Allocation, Duration, Yield curve, Sector breakdown, Financial holdings, Credit ratings.

Maturity Profile

Maturity classifications reflect issue maturity date, not market interpretation of redemptions

Performance

Both the Fund and Index performance are based on close of business prices.

Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

Redemption yield

The weighted average rate of discount at which the future obligations of interest and capital payments of each of the fund's holdings excluding cash, in each case calculated to the point in time at which each is expected to redeem, equates to its current price, gross of relevant fund management costs and gross of tax. For funds that are sold in various hedged currency share classes, yield is adjusted to reflect the impact of FX hedging and excludes the impact of cash.

Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.