Royal London Global Bond Opportunities Fund

Quarterly Investment Report

31 December 2025

ROYAL LONDON
ASSET MANAGEMENT

Quarterly Report

The fund as at 31 December 2025

The purpose of this report is to provide an update on the Royal London Global Bond Opportunities 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.

Contents

The fund

Fund performance objective and benchmark

The investment objective of the Fund is to achieve a high level of income with the opportunity for capital growth. The Fund is actively managed and is not managed in reference to any benchmark. The Fund seeks to achieve its investment objective by investing predominantly in non-Sterling and Sterling denominated Fixed Income securities. These securities form part of a diversified portfolio of global fixed or floating rate debt securities (rated or non-rated), including investment grade, sub-investment grade or high yield.

Fund value

	Total £m
31 December 2025	408.39

Fund analytics

	Fund
Fund launch date	8 December 2015
Fund base currency	GBP
Duration (years)	4.19
Redemption yield (local currency) (%)	6.07
Number of holdings	317
Number of issuers	232

Performance and activity

Performance

	Fund (%)
Quarter	1.73
1 Year	8.84
3 Years (p.a.)	9.78
5 Years (p.a.)	5.75
10 Years (p.a.)	6.09
Since inception (p.a.)	6.00

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 Z Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 8 December 2015.

Performance commentary

The fund produced a strong positive performance over the quarter and for 2025 as a whole. Credit market returns were supportive in the fourth quarter. There were modest gains for US dollar and euro investment grade markets, with strong returns from sterling equivalents. There were also strong returns from CoCos (contingent capital bonds), corporate hybrid markets and high yield markets. The fund's diversified approach, notably in areas outside euro and sterling investment grade, meant that it produced a stronger result than most of these for the quarter.

The fund has a high degree of diversification, with material exposure to a range of assets including US dollar, euro and sterling investment grade bonds, high yield and unrated bonds. Within banks, the largest sector exposure in the fund, we have a significant exposure to AT1 bonds – with holdings in the likes of Nationwide, Santander, Barclays and Toronto Dominion all strong contributors. Subordinated insurance bonds from Legal & General and Axa also performed well.

We have an exposure to general industrials issuers, and this added significantly to performance over the quarter through Danish North Sea oil operator BlueNord, offshore accommodation providers Floatel and Jacktel, and windfarm maintenance provider Ziton. We also saw positive performance from Aggregated Micro Power, with the bonds a much larger positive over the year as a whole. AMP is an energy company focused on biomass boilers and flexible electricity generation. These bonds were repaid at par during the quarter, providing a modest uplift to performance. The bonds are unrated, meaning many other credit investors will have overlooked the opportunity. Our credit research was positive on the issue, and it was providing capital to a business that is helping with the switch to more sustainable energy as well as providing an 8% coupon while we held this. It is a small but notable example of how our approach can unearth opportunities others overlook.

Performance and activity

Top 10 holdings

	Weighting (%)
STICHTING AK RABOBANK LEDENCERTIFI 6.5 31 Dec 2079	1.54
UK CONV GILT 1.5 22 Jul 2026	1.24
AKELIUS RESIDENTIAL PROPERTY AB (P 2.249 17 May 2081	1.19
CO-OPERATIVE GROUP HOLDINGS (2011) 7.5 08 Jul 2026	1.16
NATIONWIDE BUILDING SOCIETY 7.875 31 Dec 2079	1.05
STANDARD CHARTERED PLC 5.60994 31 Dec 2079	1.02
ARGENTUM (SWISS RE LTD) 5.524 31 Dec 2079	0.97
TOPAZ SOLAR FARMS LLC 5.75 30 Sep 2039	0.96
AXA SA 6.375 31 Dec 2079	0.94
COOPERATIEVE RABOBANK UA 4.875 31 Dec 2079	0.92
Total	**10.98**

Fund activity

New issue activity remained elevated, with corporate happy to take advantage of strong demand to raise funds. Issuance increased from 2024 and 2023 levels, helped notably by increased issuance from technology giants looking to raise capital as part of investment in AI. We also saw strong issuance in telecoms and utilities, the latter helped by the need to increase capex given the electrification trend.

Activity over the quarter was focused on new issues. Financials remain a key part of the fund: these are the largest single sector in corporate indices and our credit portfolios have a long-standing high level of exposure to the sector as we believed that credit spreads looked very attractive for the risk taken. Following two years of strong performance, the overall valuation picture looks less compelling than it did, leading to lower exposure over time. However, we continue to find attractive opportunities. Examples over the quarter included a subordinated new issue from international healthcare provider BUPA at a very attractive spread.

We also looked to add attractive yields and diversification through bonds from US communications operator Verizon, UK holiday operator Center Parcs – yielding over 7% - and German healthcare software company Nexus.

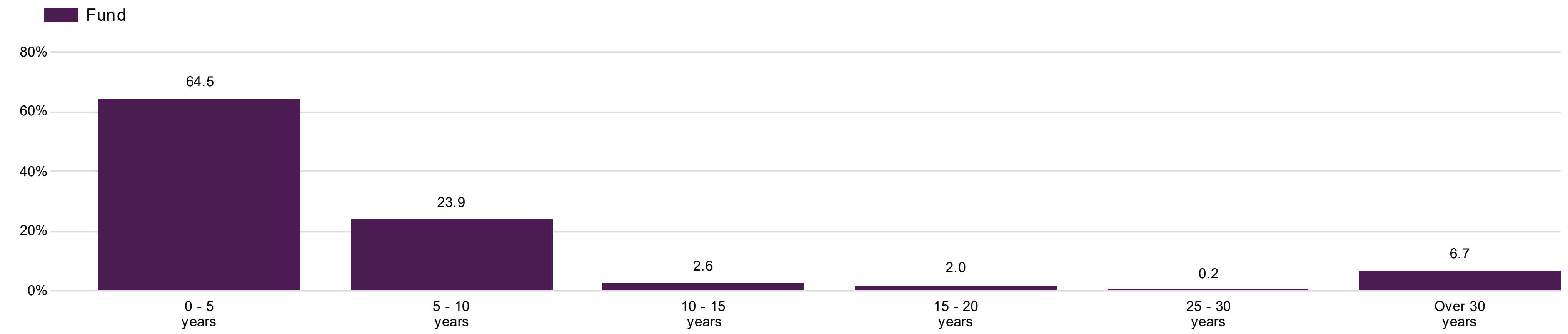
Water company bonds have generally done well in 2025. The water industry still offers attractive yield premia compared to other regulated utilities, despite the reduced risk following the completion of the regulator review in 2025. We added a new issue from Southern Water during the period, the company recently strengthened with £900m of equity support since summer 2025.

AT1 bonds are deeply subordinated and are designed to absorb losses should a bank have difficulties – with RT1 bonds similarly attractive when issued by insurers. Our exposure to these bonds is limited to those institutions where our credit analysis shows a strong capital position and business model, as well as offering an attractive yield to reflect the risks of the instrument. Examples where we identified high quality offerings over the quarter included a new issue from Dutch financial services group Achmea and secondary market purchases of UBS, Rabobank, Aberdeen and UK pension buy-out specialist Rothesay Life.

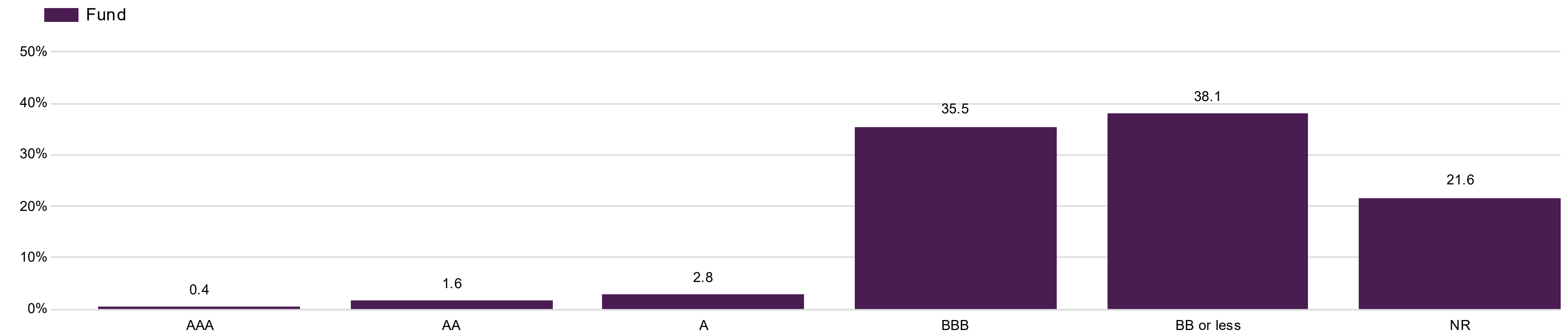
Structured bonds remain a key exposure for the portfolio. With overall credit spreads tightening over the year, we were happy to take advantage of new issue opportunities to add secured bonds that often offered more attractive spreads than similar unsecured bonds. During the quarter, we added Vantage Data Centers, a securitisation of real estate and tenant lease payments from two operating wholesale data centres in Newport. This deal offered an attractive loan to value (LTV), has highly rated tenants, and pays an attractive credit spread – notably higher than unsecured bonds from large technology companies.

Fund breakdown

Maturity profile

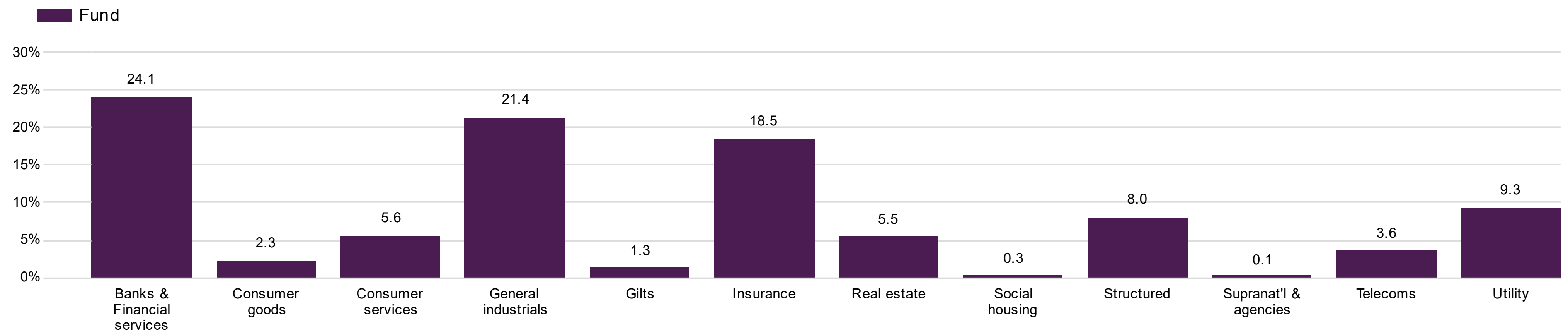


Credit Ratings



Fund breakdown

Sector breakdown



Fund Engagement

Engagement definition

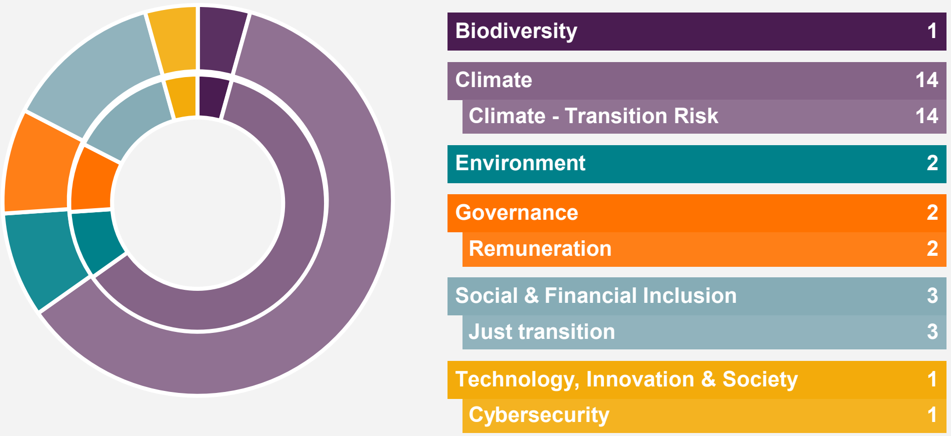
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	14	27
Number of engagements	17	54

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

Total engagements by theme and topic



The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

Fund Engagement

Engagement outcomes

Lloyds Banking Group plc – Just Transition

Purpose:

Lloyds Banking Group plc (Lloyds), a UK-based financial institution, was engaged as part of our long-running engagement with banks on just transition. We sought the integration of social considerations into the company's decarbonisation strategy.

Outcome:

Lloyds continues to integrate just transition across its strategy, committing £1 billion to its Regional Impact Fund to address regional inequality and drive inclusive economic growth. The bank showcased partnerships with the North East Combined Authority and Office of Investment to channel private investment into green infrastructure. It also expanded its 'Eco Home Reward' scheme, offering up to £2,000 cashback for energy efficiency measures, returning over £2 million to customers in 2025. Lloyds is working with Octopus Energy to reduce heat pump installation wait times and exploring property-linked financing. Before implementing mortgage policy changes, Lloyds conducted analysis to ensure alignment with just transition principles. We will continue this engagement to monitor disclosure improvements.

Volkswagen AG – Net Zero

Purpose:

Volkswagen AG, a global automotive manufacturer, was engaged to review its climate strategy and commitments under the Net Zero Stewardship Programme.

Outcome:

Volkswagen's climate alignment improved following a 5% emissions reduction, though the company has not set up yet a target for Scope 3 Category 1 emissions (indirect emissions from purchased goods and services) . Battery electric vehicle sales are expected to reach 11% in 2025, supported by affordable models and strategic partnerships in China. The company is preparing to meet the new EU's 2035 requirement for a 90% reduction in fleetwide emissions by transitioning towards electric and other low-emission vehicle production. Volkswagen also disclosed workforce training initiatives under its just transition approach. We will continue engagement to encourage stronger Scope 3 targets and progress on the transition to zero-emissions vehicles.

Fund Engagement

Engagement outcomes

Yorkshire Water – Environment

Purpose:

Yorkshire Water, a UK water utility, was engaged to assess its climate resilience and pollution control strategies.

Outcome:

Yorkshire Water is investing £1.5 billion to upgrade storm overflow systems and implement nature-based solutions such as wetlands and tree planting to improve water quality and biodiversity. The company is also deploying ~20,000 sewer monitors and intelligent pumps to prevent failures, supported by a broader digital transformation programme and investment in green skills for its workforce. On financing, Yorkshire Water is focusing on inflation-linked debt and reducing gearing (a measure of financial leverage) to maintain stability. We will continue engagement to monitor progress on biodiversity initiatives and resilience disclosures.

Market commentary

Market overview

Markets were focused on the US during the 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. 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.

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.

Global investment grade credit markets saw positive returns over the quarter. Credit spreads were broadly flat over the period – ending slightly tighter in sterling and slightly wider in the US dollar and euro markets. While attractive yields continue to help overall returns, underlying government bond markets remained the main source of volatility, with higher yields in the US and Germany weighing on returns, while the rebound in gilts helped sterling credit assets.

Outlook

There is no let-up in market uncertainty. Geopolitics are perhaps a bigger factor than at any time this century given the ongoing situation in Ukraine, wider Russian belligerence in Europe and the potential for spillover effects. At the same time, policy uncertainty has also not eased, with tariffs still very much on the US agenda, the current administration still announcing policies without details appearing to be complete and doing nothing to erase concerns about political interference in monetary policy. On top of these, budget concerns are also a significant factor in both the US and UK. Monetary policy settings are generally seen as supportive of fixed income markets, but even here, there is uncertainty around the timing and quantum of rate cuts as inflation is still not fully subdued. These factors help explain why government bond yields have been relatively volatile in 2025, and there seems little prospect of a material change in this in the next few months.

Yet risk markets generally, including global credit markets, have continue to produce attractive returns. With investment grade credit spreads having compressed in recent months, it is natural to look at absolute levels to determine whether the market still offers ‘value’. With default rates low, and new issuance active, we continue to believe the all-in yield on global credit remains attractive. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies. By focusing on bottom-up analysis, we continue to build overall portfolios that we believe offer attractive risk / return profiles with above-market yields.

While near-term absolute performance is likely to be heavily influenced by movements in the yields of underlying government bond markets, we believe that continued emphasis on diversification, as well as our focus on income, will continue to support returns as has been the case through the present environment of volatile yields.

For more insights into the outlook for 2026, including from our CIO, Will Nicoll, go to the Our Views section at www.rlam.com

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.

Disclaimers

Important information

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Notice for UK Investors

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.

The portfolio has no index as a comparison.

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

Credit risk is the potential for loss due to a borrower, debtor or debt issuer defaulting on agreed obligations to make interest or capital repayments. Credit ratings are independent assessments of the credit risk of a debtor or an individual debt security. Securities that have a lower credit rating have a higher risk of default.

Derivative risk

This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

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.

Exchange rate risk

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

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.

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.

Sub-investment grade investment risk

Lower rated investment grade securities may have large uncertainties or major risk exposures to adverse conditions. The market value of securities in lower rated investment grade categories is more volatile than that of higher quality securities, and the markets in which these securities are traded are less liquid than those in which higher rated securities are traded.

Unrated bond risk

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

Performance to 31 December 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	1.73	4.31	8.84	32.35	32.30
Fund (net)	1.62	4.10	8.41	30.58	29.18

Annualised (%)

3 Years (p.a.)	5 Years (p.a.)
9.78	5.75
9.29	5.25

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)	8.84	10.14	10.40	(6.64)	7.08
Fund (net)	8.41	9.67	9.83	(7.13)	6.52

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 Global Bond Opportunities Fund Z Inc GBP share class.

Glossary

Asset allocation

Breakdown of the assets by asset classes. Based on RLAM asset classification scheme.

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

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.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Number of issuers

Number of unique issuers of all assets held by the Fund, excluding cash, currency and derivatives.

Performance

Fund performance is 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.

Sector breakdown

Breakdown of the fixed income assets, excluding derivatives and cash by RLAM's internal industry sector classification scheme. Figures are subject to rounding.