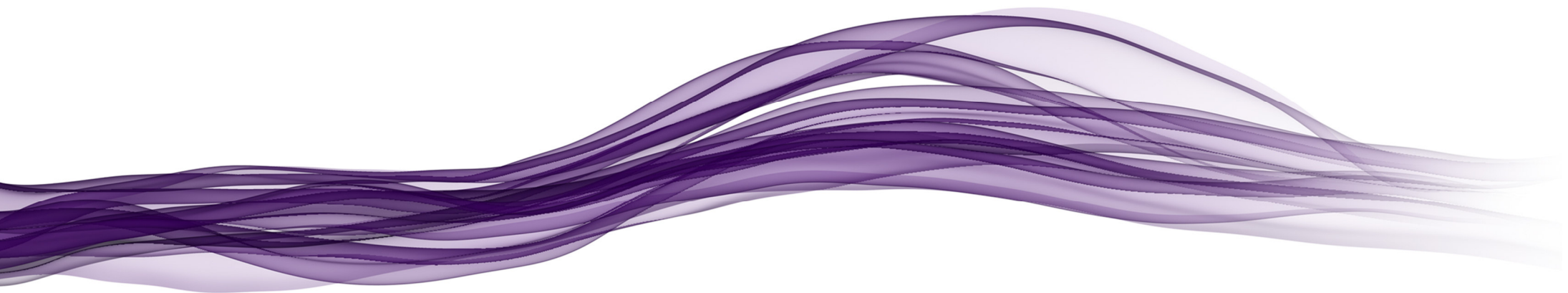


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RLPPC UK Long Corporate Bond Fund

Quarterly Investment Report

30 June 2025

Quarterly Report

The fund as at 30 June 2025

The purpose of this report is to provide an update on the RLPPC UK Long 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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The fund

Fund performance objective and benchmark

The Fund aims to achieve +0.50% in excess of the benchmark net of fees per annum, on a rolling three year basis. The UK Long Corporate Bond Fund (LCF) invests predominantly in long-dated sterling credit bonds, including unrated bonds and sub-investment grade bonds. The fund may also invest in UK government bonds and non-sterling bonds. The Markit iBoxx GBP Non-Gilts Over 15 Years index is considered an appropriate benchmark for performance comparison.

Benchmark: Markit iBoxx GBP Non-Gilts Over 15 Years

Fund value

	Total £m
30 June 2025	182.40

Asset allocation

	Fund (%)	Benchmark (%)
Conventional credit bonds	95.43	98.81
Conventional gilts	3.29	-
Conventional foreign sovereigns	1.11	1.19
Index linked credit bonds	0.17	-

Fund analytics

	Fund	Benchmark
Fund launch date	30 April 2003	
Fund base currency	GBP	
Benchmark	Markit iBoxx GBP Non-Gilts Over 15 Years	
Duration (years)	12.54	12.52
Gross redemption yield (%)	6.34	6.06
Number of holdings	123	204
Number of issuers	99	140

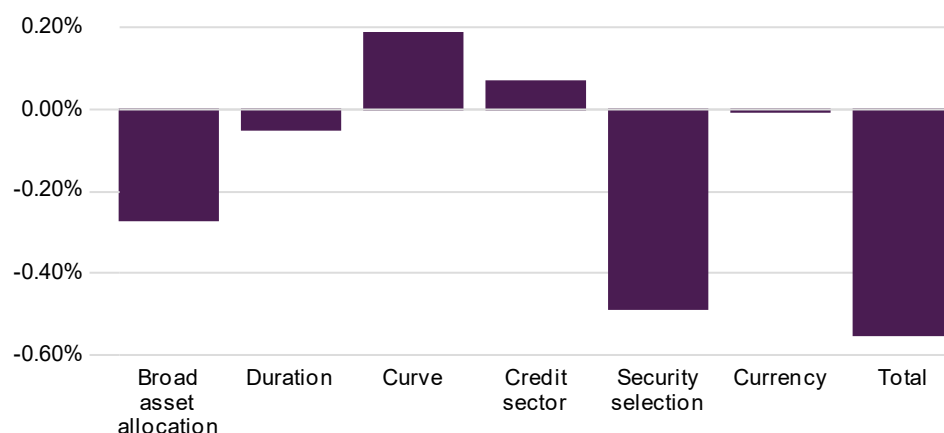
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	2.78	3.33	(0.55)
YTD	2.00	1.89	0.10
1 Year	1.71	0.13	1.58
3 Years (p.a.)	(0.54)	(2.19)	1.65
5 Years (p.a.)	(4.87)	(6.87)	1.99
10 Years (p.a.)	1.97	0.80	1.16
Since inception (p.a.)	4.68	3.82	0.87

Past performance is not a guide to future performance. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on A Acc GBP. Source: Royal London Asset Management; Net performance; Since inception date of the share class is 30 April 2003.

Attribution over the quarter



Performance commentary

The second quarter saw positive returns from sterling credit investment grade markets (Iboxx). Against this, the fund underperformed the index. Following a volatile first half of 2025, performance remains comfortably ahead of the index.

Sector selection was the largest positive for the portfolio. Our bias towards insurance bonds was helpful as the sector performed strongly, as was our longstanding underweight in supranational bonds. The lower perceived risk of the supranational sector contributed to it lagging the wider market.

Stock selection effects were mixed. We saw positive effects from holdings in the insurance sector, with exposure to long-dated bonds from Legal & General, Prudential and Aviva supporting returns. However, these positive impacts were offset by the negative impact of holdings in the structured sector. Many bonds in this area saw positive returns, but in a market of falling yields and tighter spreads, these often lag the broad market. In addition, we saw a negative impact from Thames Water – the bonds falling after US private equity firm KKR pulled out of a potential acquisition of the utility on 3 June. Our holding in global transport operator Mobico was also a drag on performance. Here the bonds traded weaker on the lower-than-expected proceeds from sale of its US school bus business and subsequent downgrades from Moody's towards the end of the quarter. We continue to see these latter two names as reasonable risk reward opportunities within the context of our diversified portfolios, and continue to closely monitor the issuers.

Performance and activity

Top 10 holdings

	Weighting (%)
ELECTRICITE DE FRANCE SA 6 23 Jan 2114	4.02
UK CONV GILT 0.5 22 Oct 2061	3.33
M&G PLC 6.34 19 Dec 2063	2.62
HEATHROW FUNDING LTD 4.625 31 Oct 2046	2.21
LEGAL & GENERAL GROUP PLC 5.5 27 Jun 2064	2.18
M&G PLC 6.25 20 Oct 2068	2.17
FFRESH_1 8.369 04 Oct 2058	2.08
HARB_03-08 5.28 31 Mar 2044	1.97
GATWICK FUNDING LTD 2.875 05 Jul 2049	1.92
GENFINANCE II PLC 6.064 21 Dec 2039	1.89
Total	24.39

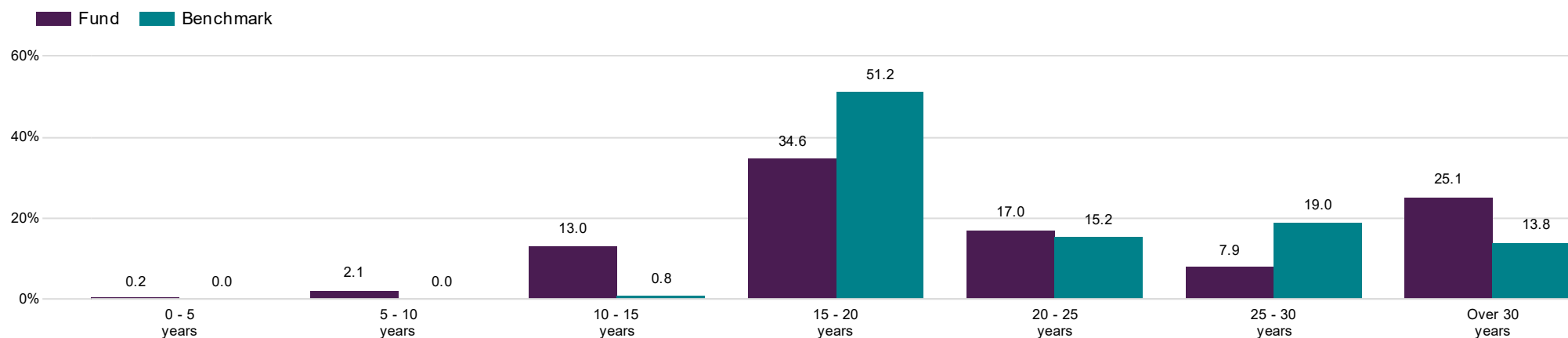
Fund activity

New issue activity was lower than usual during the quarter. This was primarily due to companies being reluctant to come to market during a period of higher volatility. This reluctance was exacerbated by overall yields that are higher than they were a year or so ago, and the expectation that rates are coming down further over the remainder of this year. In addition, many companies were active in locking in funding when rates were more favourable. As a result, this gives them more flexibility as to when they come to market. However, secondary market liquidity was plentiful, and volatility meant that we could find attractive opportunities to add to existing holdings such as Cadent and Motability.

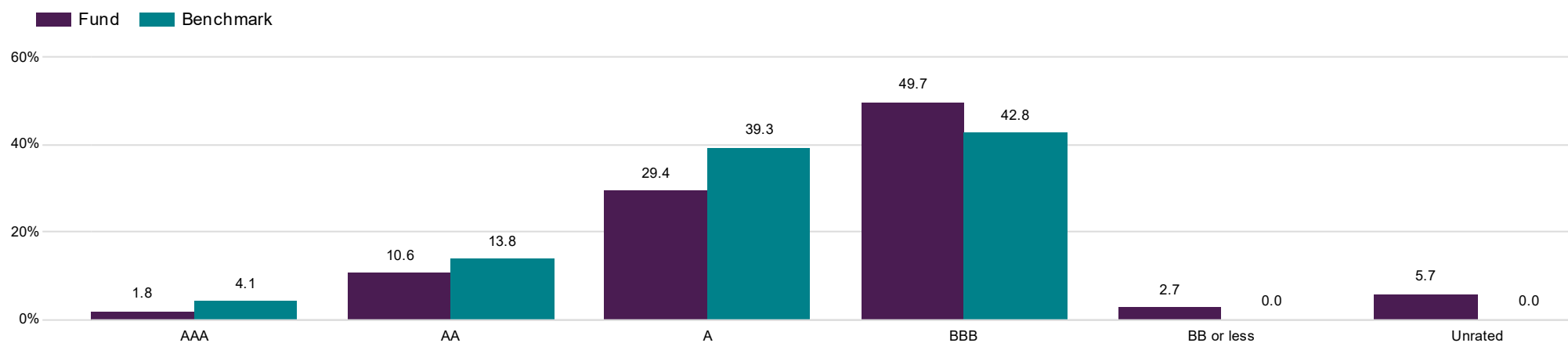
While the portfolio has a bias to bonds in areas such as financials, structured and social housing, we continue to look for ways to add to overall diversification. During the quarter we added Transurban, senior secured bonds from the toll road operator with a focus on Australia, but also operating in the US and Canada. We also added a new issue from Vodafone. These bonds came at an attractive level as the mobile phone operator used proceeds to fund a tender at a premium to market prices.

Fund breakdown

Maturity profile

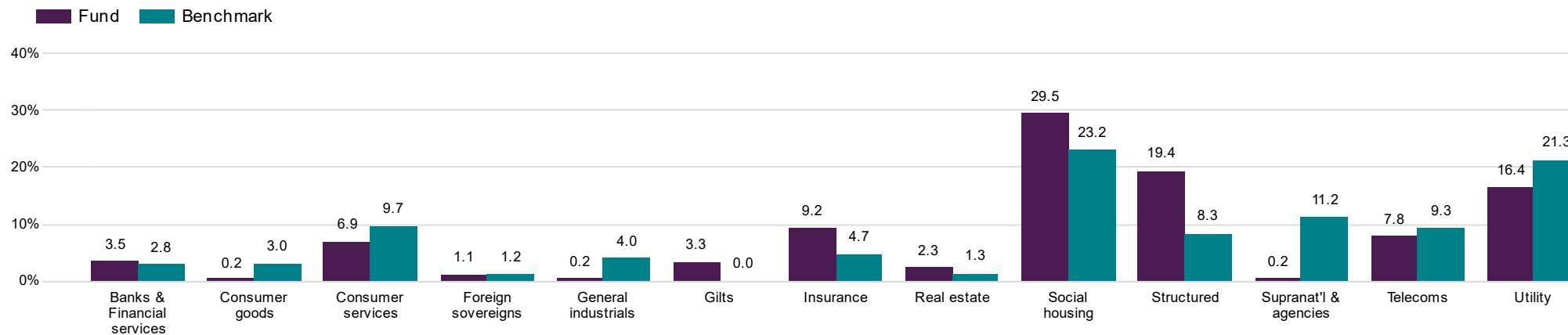


Credit ratings



Fund breakdown

Sector breakdown



Fund Engagement

Engagement definition

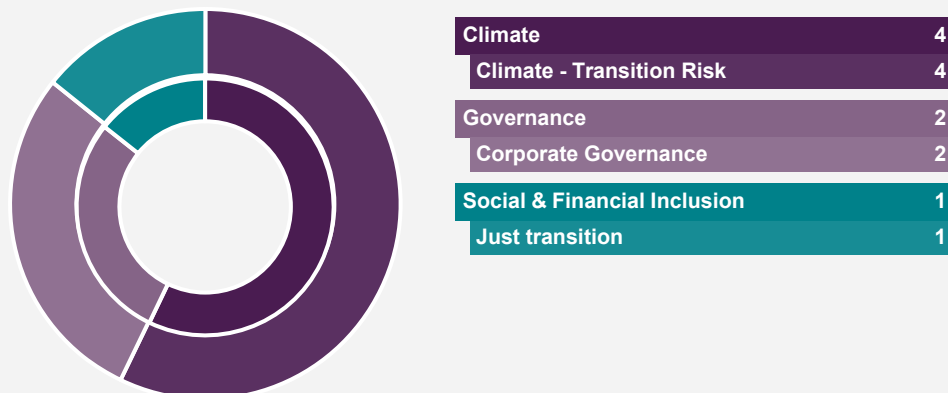
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	4	20
Number of engagements	4	50

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.

Market commentary

Market overview

The second quarter of 2025 continued the extraordinary series of events that impacted the first quarter. The quarter began with geopolitical news and US policy contributing to a huge spike in volatility across many markets. Somewhat surprisingly, over the quarter the major equity and credit markets shook off this weak start to grind into positive territory for the period as a whole.

The quarter started with 'Liberation day', when the US announced a broad range of materially higher tariffs that it would be imposing on almost all countries it traded with. However, these were rapidly postponed for 90 days, partly due to the adverse global reaction to the announcement. The rest of the period saw further updates on tariffs, including the emergence of new bilateral trade agreements with the US, but the confirmation of a new regime of US trade tariffs generally had a more muted impact than the initial shock. Geopolitical factors also added to uncertainty, as Israel and the US launched air strikes on Iran leading to concerns of renewed regional warfare in the Middle East and entry of the US into another 'forever war'.

Macro uncertainty about tariffs and the progress of President Trump's 'Big beautiful bill', whether these would be implemented, and if so, what impact these would have on global growth and inflation created a difficult backdrop for monetary policymakers in central banks. Faced with the large number of policy unknowns the Federal Reserve therefore left its main policy rate unchanged, while the European Central Bank remained on its modest rate cutting cycle, trimming rates at its April and June meetings. The Bank of England cut rates at its May meeting, leaving these unchanged in June.

The tariff announcements and resulting policy uncertainty saw equity market volatility leap to levels matching those seen during the Covid-19 sell-off. As a consequence, the S&P 500 index recorded its fifth-worst 2-day decline since World War II and even moved into bear market territory over the month (down 20% from its highs). However, since mid-April, stocks have been climbing the wall of worry and rising steadily higher, supported by a 90-day pause to reciprocal tariffs and a US-China trade deal that eased fears of a trade embargo between the world's two largest economies.

Government bond markets were not immune to the heightened volatility. A sign of the extraordinary nature of events was the rise in US treasury yields, and the value of the US dollar falling as uncertainty mounted. For many, this combination of rising yields and falling currency is normally reserved for emerging markets, not for the world's largest economy. As the US President stepped back from some of the more extreme policies and tariffs, government bond yields edged lower. In a quarter of remarkable turmoil, the US, 10-year treasury yields ended

almost unchanged, rising just 1bp from 4.21% and ending at 4.22%. Having jumped in the first quarter on the back of the extraordinary easing in German fiscal policy, 10-year bunds yields fell over the period from 2.70% to 2.60%. Benchmark 10-year gilt yields fell from 4.68% to 4.48%, having bounced within the year-to-date range of c4.5-4.8%.

Contrary to the expectations of many when set against the events of the quarter, the sterling investment grade credit market (iBoxx non-gilt index) returned 2.78%, with the average sterling investment grade credit spread (the average extra yield available from non-gilt bonds compared with government debt of equal maturity) tightening over the period. The narrowing of spreads from 0.95% to 0.87% (iBoxx) more or less reversed the widening seen in the first quarter. This has brought spreads back towards the tightest levels since the GFC, as demand continues to be underpinned by the attractive all-in yield and the absence of defaults. Most sectors saw positive returns, with stronger returns from utilities and insurance. As spreads declined, supranationals lagged the returns of other sectors.

Outlook

It is notable that after three months that created a lot of news headlines and uncertainty, markets largely appeared to shrug off 'noise'. Despite considerable uncertainty in the outlook, markets have returned to become driven more by current fundamentals. On an underlying basis, our credit analysis and company meetings have generally remained cautiously positive: companies are not experiencing the same volatility in their earnings that market moves would imply, and as yet, few are guiding to a major impact from tariffs. In the short term, further announcements on tariffs and US fiscal policy will undoubtedly have an impact on markets, but we believe that markets are becoming less easily spooked after a roller coaster first few months of the new administration.

In recent quarters we have reminded investors in our sterling credit strategies of the attractive all-in yields available in the asset class. We believe that will remain the case. While short-dated yields could easily fall due to lower interest rates and speculation about whether President Trump will announce a 'White House friendly' chair of the Federal Reserve, factors such as the 'Big Beautiful Bill' and increased EU defence spending will weigh on US and EU government bonds medium and longer-dated yields. In the UK, ongoing concerns over the fiscal position and the government's inability to rein in spending, as well as a potential slowing in quantitative tightening could impact gilts. As mentioned above, credit spreads have tightened and while further moves are possible, the capacity for significant moves lower in sterling yields are likely constrained simply due to the recent moves.

Market commentary

While near term absolute performance is likely to be largely influenced by movements in the yields of underlying government bond markets, we would expect relative performance to continue to be meaningfully influenced by relative exposure to supranational bonds and to more economically sensitive or cyclical industrial and consumer sectors. However, we believe that continued emphasis on diversification and our bias towards secured and collateralised debt to help mitigate default risk, 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 a wider view on prospects for the rest of 2025, and how Royal London Asset Management approaches volatile markets, read the thoughts of Piers Hillier, Chief Investment Officer, Mike Fox, Head of Equities, Trevor Greetham, Head of Multi Asset, and Will Nicoll, Head of Fixed Income in our mid-year outlook at www.rlam.com.

Further Information

Please click on the links below for further information:



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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Risks and Warnings

General risks

The degree of investment risk depends on the fund you choose.

The prices of units can go down as well as up.

The return from your investment is not guaranteed; therefore, you may get back less or more than shown in the illustrations.

You may not get back the amount that you originally invested.

Past performance is not a guide to future return.

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

There may be a variation in performance between funds with similar objectives owing to the different assets selected.

Funds aiming for relatively high performance can incur greater risk than those adopting a more standard investment approach.

The use of derivatives in pursuit of a fund's objective may cause its risk profile to change and this may be material.

Fixed interest security 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. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. 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 that could be expected is unaltered from its purchase date, subject to counterparty default (see 'Credit risk' below). However, over the life of a bond, the yield priced by the market (as opposed to actual fixed coupons payable) 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 price and a profit or loss may be incurred.

Credit risk

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. This fund may invest a percentage of its assets in sub-investment grade bonds. Such bonds have characteristics which may result in higher probability of default than investment grade bonds and therefore higher risk.

Overseas markets risk

Funds investing in overseas securities are exposed to, and can hold, currencies other than Sterling. As a result, overseas investments may be affected by the rise and fall in exchange rates.

Derivatives risk for efficient portfolio management

Derivatives may be used by this Fund for the purpose of efficient portfolio management. This restricts the use of derivatives to the reduction of risk and the reduction of cost. Such transactions must be economically appropriate and the exposure fully covered.

Performance to 30 June 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	2.86	2.16	2.04	(0.68)	(20.86)	(0.23)	(4.57)
Fund (net)	2.78	2.00	1.71	(1.63)	(22.11)	(0.54)	(4.87)

Annualised (%)

Year on year performance (%)

	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021
Fund (gross)	2.04	9.58	(11.17)	(22.62)	2.98
Fund (net)	1.71	9.23	(11.46)	(22.87)	2.65

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 30 June 2025. All figures are mid-price to mid-price for the RLPPC UK Long Corporate Bond Fund A Acc GBP share class.

Glossary

Asset allocation

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

Attribution

Attribution is shown for the most recent quarter. Attribution figures are based on end of business returns for both the fund and the index whereas performance figures are based on midday returns for the fund and end of business for the index. Therefore the performance will not include market moves between midday when the fund is priced, and end of business when the index is calculated. This may result in a different figure being shown for the quarterly performance vs attribution data.

Credit ratings

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

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.

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.

Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

Gross redemption yield

Gross redemption yield is the rate of discount at which a bond's future obligations of interest and capital payments equates to its current price. The gross redemption yield shown for the fund is the average for its individual holdings, weighted by their current value, gross of relevant fund management costs and gross of tax.

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

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

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.