Royal London Asset Management

Fixed Income Fund Commentary

30 November 2025

Fund Commentary

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The purpose of this report is to provide an update on the Royal London Fixed Income Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

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Royal London Corporate Bond Fund

The standout event in November was the much-anticipated Budget. Markets initially saw volatility after the economic and fiscal outlook were inadvertently published before the event. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly, though this reflects a broader global trend.

The fund saw marginally positive returns for November, performing in line with its benchmark. While duration and curve positioning of the fund had a negative impact on relative performance, our security selection was overall positive for the month, helped in particular by holdings in the structured and social housing sectors.

Despite the ongoing macro uncertainty, credit markets continue to be driven by current fundamentals. In a diversified portfolio with an emphasis on security, we believe that our sterling credit strategies continue to benefit from attractive all-in yields available in the asset class.

Royal London Ethical Bond Fund

The standout event in November was the much-anticipated Budget. Markets were initially volatility after the economic and fiscal outlook was inadvertently published before the event. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly, though this reflects a broader global trend.

The fund achieved positive returns and outperformed its benchmark. The main contributor to positive performance was stock selection in social housing and insurance. Overweight exposure to structured bonds supported returns over the month.

Despite the ongoing macro uncertainty, credit markets continue to be driven by current fundamentals. In a diversified portfolio with an emphasis on security, we believe that our sterling credit strategies continue to benefit from attractive yields available in the asset class.

Royal London Global Bond Opportunities Fund

The fund saw a positive return over the month in sterling terms. November was a mixed month for global credit investors – driven more by underlying government bond yields than credit factors. US yields were marginally lower, UK yields ended roughly flat, while eurozone yields edged higher. Credit spreads were marginally wider. As a result, US credit outperformed UK and euro equivalents, with euro credit seeing a small negative return for the month.

We continued to add to holdings using the new issue market. Financials remain a key element, with the purchase of UK insurer Rothesay Life, but also seeing us able to add attractive yields and diversification through bonds from laboratory glassware provider Duran, mobile offshore drilling provider Odfjell Drilling, and US communications operator Verizon.

Risk markets generally, including global credit markets, have continued to produce attractive returns. While there remain concerns over factors such as geopolitics, strong credit fundamentals and attractive all-in yields should provide support for credit investors.

Fixed Income

Royal London Global High Yield Bond Fund

The high yield market continued its strong recent performance with November posting a positive return for the seventh month in a row. Credit spreads were essentially flat over the month while government yields fell. With that being said, it was not a steady positive return throughout the month with the high yield market having a negative return until the last week in November. This weakness was led by a worry of an AI bubble in the equity market that fed across to the high yield market.

November saw $25.4bn issued in US high yield and $40.7bn issued in global high yield. This marks the highest November issuance in both US and global high yield markets since 2021.

The fund saw a positive return, ahead of the benchmark. The outperformance was driven by the fund's telecommunications holdings. The fund's bias towards single B rated bonds was a contributor, relative to the benchmark. Regionally, our European assets were a strong relative outperformer.

Royal London Global Index Linked Fund

In the UK, November was dominated by the Autumn Budget and issuance plans for the remainder of the fiscal year for UK government bonds. This was one of the most heavily leaked budgets, likely looking to reassure markets wary after events three years ago. Real yields were volatile over the month, but ended largely unchanged over the month.

The fund produced a positive return over the month, and has outperformed in 2025 year-to-date. The main driver of returns over the month was our tactical duration positioning, where we reduced duration exposure ahead of the sell-off on fears of increased UK government borrowing, then going long before the post-Budget rally.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events where we expect larger discounts to continue. However, approaching year end where such activity is lower, we are broadly neutral in terms of duration. We added Australian exposure after inflation data pushed real yields higher to attractive premia over UK equivalents.

Fixed Income

Royal London Global Mezzanine ABS Fund

There was softening across asset classes in November despite the stable tone delivered at the end of October. Persistent headlines and leaks ahead of the UK budget triggered bouts of daily volatility in the gilt market which gradually dampened risk appetite more widely. While broader markets recovered quickly after each setback, the ABS market saw little bounce in between bouts of weakness so spreads drifted steadily wider throughout the month.

The European securitised market saw its best November since the GFC with 22 transactions issuing EUR11.1bn of paper. As a result, 2025 volumes broke through 2024 levels. Investor demand remained strong; however, price sensitivity was seen amongst investors in the face of such buoyant supply. Consistent selling was seen throughout the month. In Australia, a heavy pipeline was absorbed well, seeing the offshore investor demand equate the domestic market.

The desk participated in many of the new issues across all markets adding in different parts of the capital structure where value was seen, despite the oversubscription levels.

Royal London Global Senior ABS Fund

There was softening across asset classes in November despite the stable tone delivered at the end of October. Persistent headlines and leaks ahead of the UK budget triggered bouts of daily volatility in the gilt market which gradually dampened risk appetite more widely. While broader markets recovered quickly after each setback, the ABS market saw little bounce in between bouts of weakness so spreads drifted steadily wider throughout the month.

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Fixed Income

Royal London Index Linked Fund

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The fund produced a positive return over the month, and has outperformed in 2025 year-to-date. The main driver of returns over the month was our tactical duration positioning, where we reduced duration exposure ahead of the sell-off on fears of increased UK government borrowing, then going long before the post-Budget rally.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events where we expect larger discounts to continue. However, approaching year end where such activity is lower, we are broadly neutral in terms of duration. We added Australian exposure after inflation data pushed real yields higher to attractive premia over UK equivalents.

Royal London Investment Grade Short Dated Credit Fund

The standout event in November was the much-anticipated Budget. Markets initially saw volatility after the economic and fiscal outlook were inadvertently published before the event. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly, though this reflects a broader global trend.

The fund saw broadly flat returns for November performing in line with its benchmark. The main contributor to relative performance was stock selection in structured, insurance and banks and financials. Overweight exposure to structured bonds supported returns over the month.

Despite the ongoing macro uncertainty, credit markets continue to be driven by current fundamentals. In a diversified portfolio with an emphasis on security, we believe that our sterling credit strategies continue to benefit from attractive all-in yields available in the asset class.

Royal London Short Duration Credit Fund

The standout event in November was the much-anticipated Budget. Markets initially saw volatility after the economic and fiscal outlook were inadvertently published before the event. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly, though this reflects a broader global trend.

The fund saw marginally positive returns for November and outperformed its benchmark. The main contributor to relative performance was stock selection and supported by credit allocation. Overweight exposure to structured bonds supported returns over the month.

Despite the ongoing macro uncertainty, credit markets continue to be driven by current fundamentals. In a diversified portfolio with an emphasis on security, we believe that our sterling credit strategies continue to benefit from attractive all-in yields available in the asset class.

Fixed Income

Royal London Short Duration Gilts Fund

The major event in November was the much-anticipated UK Budget, which bought relief after weeks of volatility driven by policy speculation. The Chancellor delivered measures to increase the fiscal buffer and reduce inflation supporting expectations of further rate cuts from the BoE, that were already priced in by the market. Next year's gilt remit rose slightly by £4bn, which allowed the DMO to cancel five auctions, leaving the gilt market with little to no long supply until next April. This drove long-end yields lower and to perform well, on the curve and cross-market.

The fund ended the period with the same strategic duration position but was able to tactically trade the position during the month to add value, leading to a slight outperformance versus the benchmark.

The fund has no inflation exposure and ended the month with no cross-market exposure.

Royal London Short Duration Global High Yield Bond Fund

The high yield market continued its strong recent performance with November posting a positive return for the seventh month in a row. Credit spreads were essentially flat over the month while government yields fell. With that being said, it was not a steady positive return throughout the month with the high yield market having a negative return until the last week in November. This weakness was led by a worry of an AI bubble in the equity market that fed across to the high yield market.

The fund continued its strong performance in November. All sectors, regions and ratings produced positive returns with capital goods, basic industry and healthcare assets outperforming on a relative basis.

Asset composition by region slightly changed over the month, as cash was spent on US and European assets. Holdings in US and European assets increased by about 2% each.

Royal London Short Duration Global Index Linked Fund

In the UK, November was dominated by the Autumn Budget and issuance plans for the remainder of the fiscal year for UK government bonds. This was one of the most heavily leaked budgets, likely looking to reassure markets wary after events three years ago. Real yields were volatile over the month, but ended largely unchanged over the month.

The fund produced a positive return over the month, and has outperformed in 2025 year-to-date. The main driver of returns over the month was our tactical duration positioning, where we reduced duration exposure ahead of the sell-off on fears of increased UK government borrowing, then going long before the post-Budget rally.

We expect markets to remain volatile around economic data points and envisage to continue trading duration tactically particularly around supply events where we expect larger discounts to continue. However, approaching year end where such activity is lower, we are broadly neutral in terms of duration. We added Australian exposure after inflation data pushed real yields higher to attractive premia over UK equivalents.

Fixed Income

Royal London Short Term Fixed Income Enhanced Fund

The Bank of England left rates unchanged at its meeting at the start of November, albeit in a close decision that reflected the belief that while inflation is above the 2% target, it has peaked and is likely to fall. However, attention was more focused on the Budget at the end of the month. After a lot of speculation and leaks, the Chancellor increased spending and taxation with few real surprises.

With no changes in UK interest rates, SONIA remained unchanged at 3.97% over the month. Two-year gilts, often seen as a proxy for market expectations of BoE rates, trading sideways, starting the month at 3.77% and ending at 3.74%.

We continued to add to slightly longer CDs, rolling maturities beyond the year-end. But also taking advantage of yield levels in these areas that we feel off good value given our expectations of BoE activity in 2026. We therefore added one-year CDs from Bank of Montreal, Nordea Bank and National Bank of Canada. In covered bonds, we added new issues from National Australia Bank and United Overseas Bank, both at significant yield premia to SONIA, while in short-dated high quality credit bonds, we added New York Life, Yorkshire Water and Gatwick Funding.

Royal London Short Term Fixed Income Fund

The Bank of England left rates unchanged at its meeting at the start of November, albeit in a close decision that reflected the belief that while inflation is above the 2% target, it has peaked and is likely to fall. However, attention was more focused on the Budget at the end of the month. After a lot of speculation and leaks, the Chancellor increased spending and taxation with few real surprises.

With no changes in UK interest rates, SONIA remained unchanged at 3.97% over the month. Two-year gilts, often seen as a proxy for market expectations of BoE rates, trading sideways, starting the month at 3.77% and ending at 3.74%.

Activity was relatively light over the month. We continued to add to slightly longer CDs, rolling maturities beyond the year-end. But also taking advantage of yield levels in these areas that we feel off good value given our expectations of BoE activity in 2026. We therefore added one-year CDs from Cooperative Rabobank, Nordea and Bank of Montreal. In covered bonds, we added an issue from Canadian Imperial Bank of Commerce in the secondary market and a new issues from National Australia Bank, all at significant yield premia to SONIA.

Royal London Short-Term Money Market Fund

The Bank of England left rates unchanged at its meeting at the start of November, albeit in a close decision that reflected the belief that while inflation is above the 2% target, it has peaked and is likely to fall. However, attention was more focused on the Budget at the end of the month. After a lot of speculation and leaks, the Chancellor increased spending and taxation with few real surprises.

With no changes in UK interest rates, SONIA remained unchanged at 3.97% over the month. Two-year gilts, often seen as a proxy for market expectations of BoE rates, trading sideways, starting the month at 3.77% and ending at 3.74%.

During the month, the fund continued to look for paper maturing after year end when liquidity is usually somewhat lower and locking in yields above 4.0%, buying CDs from ANZ Bank, Bank of Montreal and Mizuho Bank. We also added very short-dated covered bonds from United Overseas Bank, Bank of Nova Scotia and Federation des Caisses Desjardins, these offering an attractive premium over SONIA.

Fixed Income

Royal London Sterling Liquidity Money Market Fund

The Bank of England left rates unchanged at its meeting at the start of November, albeit in a close decision that reflected the belief that while inflation is above the 2% target, it has peaked and is likely to fall. However, attention was more focused on the Budget at the end of the month. After a lot of speculation and leaks, the Chancellor increased spending and taxation with few real surprises.

With no changes in UK interest rates, SONIA remained unchanged at 3.97% over the month. Two-year gilts, often seen as a proxy for market expectations of BoE rates, trading sideways, starting the month at 3.77% and ending at 3.74%.

During the month, the fund continued to look for paper maturing after year end when liquidity is usually somewhat lower and locking in yields above 4.0%, buying CDs from Nordea Bank, Bank of Nova Scotia and Mizuho. We also added very short-dated covered bonds from Canadian Imperial Bank of Commerce and National Bank of Canada, these offering an attractive premium over SONIA.

Royal London Sterling Credit Fund

The standout event in November was the much-anticipated Budget. Markets initially saw volatility after the economic and fiscal outlook were inadvertently published before the event. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly, though this reflects a broader global trend.

The fund saw marginally positive returns for November and outperformed its benchmark. The main contributor to relative performance was stock selection in structured, social housing and insurance. Overweight exposure to structured bonds supported returns over the month.

Despite the ongoing macro uncertainty, credit markets continue to be driven by current fundamentals. In a diversified portfolio with an emphasis on security, we believe that our sterling credit strategies continue to benefit from attractive all-in yields available in the asset class.

Royal London Sterling Extra Yield Bond Fund

The major event in November was the much-anticipated UK Budget. Markets initially were volatile after the economic and fiscal outlook were inadvertently published ahead of time. However, gilts rallied strongly throughout the day and sterling strengthened. Gilt yields subsequently edged up slightly over November, though this reflects a broader global trend.

The fund produced positive returns in November, with double digit year-to-date gross returns. In the month, positive contributions were driven by the fund's high yield and investment grade bonds, with unrated bonds seeing negative returns. By sector, positive returns were driven by banks and structured bonds.

The fund remained active in the primary market, taking part in new issues from motor association AA and healthcare firm BUPA, as well as a new bond from favoured Vantage Data Centres, a securitisation of real estate and tenant lease payments from two operating data centres in Newport. Adding geographic diversity to the fund, it took part in a new euro issue from German laboratory glassware firm Duran Life Science.

Fixed Income

Royal London UK Government Bond Fund

The major event in November was the much-anticipated UK Budget, which bought relief after weeks of volatility driven by policy speculation. The Chancellor delivered measures to increase the fiscal buffer and reduce inflation supporting expectations of further rate cuts from the BoE, that were already priced in by the market. Next year's gilt remit rose slightly by £4bn, which allowed the DMO to cancel five auctions, leaving the gilt market with little to no long supply until next April. This drove long-end yields lower and to perform well, on the curve and cross-market.

The fund broadly performed in line with its benchmark, with our curve position, underweight the belly versus 5-year and 30-year, being the main driver of performance.

The fund maintained its position in Japan and increased its position in Australia and sold its index linked position back into nominal yields.

Disclaimers

Important information

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RL Corporate Bond Fund, RL Investment Grade Short Dated Credit Fund, RL Sterling Credit Fund, RL Global Index Linked Fund, RL UK Government Bond fund, RL Index Linked, RL Short Duration Global Index Linked Fund and RL Short Duration Gilts Fund, RL Short Term Fixed Income Fund, RL Short Term Fixed Income Enhanced Fund, RL Short Term Money Market Fund:

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RL Ethical Bond Fund, RL Short Duration Credit Fund

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RL Global Mezzanine ABS Fund, RL Global Senior ABS Fund:

The Fund is a sub-fund of Royal London Asset Management Investment Funds ICAV, an Irish collective asset-management vehicle authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and the AIFM Regulations and has been established as an umbrella fund with segregated liability between Funds. It is not 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.

Notice for UK Investors:

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The Prospectus and Key Investor Information Document (KIID) are available in English. A summary of investor rights is also available in English. RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

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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.

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Risk 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.

Charges from capital risk
Charges are taken from the capital of the Fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.

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.

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.

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.

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.

Derivative risk
The 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.

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.

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

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.

Government and public securities risk
The Fund can invest more than 35% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.

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. 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.

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.

Risk and Warnings

Stable NAV risk

The Fund is not the same as a bank deposit account. It is designed such that it will seek, for the Distribution Classes, to maintain the Net Asset Value per Share at a fixed value by distributing income from the Fund as it arises. However, whilst the Fund's investments are reasonably believed by the Investment Manager to be of high quality, there is always a risk that an underlying issuer could default or otherwise fall in value, resulting in the Fund being unable to maintain the Net Asset Value per Share at a fixed value and therefore a loss of capital will occur. The risk of loss is to be borne by the investor. There is no representation or warranty that the Fund will be able to maintain a stable Net Asset Value per Share.

Inflation risk

Where the income yield is lower than the rate of inflation, the real value of your investment will reduce over time.

Money market fund risk

A Money Market Fund is not a guaranteed investment, and is different from an investment in deposits. The principal invested in the Fund is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the NAV per share.

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.

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.

Leverage 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.

Short Term Money Market Fund

The Fund has been authorised as a Variable Net Asset Value (VNAV) MMF and is a short term money market fund in accordance with MMF Regulation. The NAV is calculated using mark to market prices where possible otherwise mark to model prices are used. The redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.

Sterling Liquidity Money Market Fund

The Fund has been authorised as a Low Volatility Net Asset Value (LVNAF) MMF and is a short-term money market fund in accordance with MMF Regulation which seeks to maintain a stable NAV under the condition that the stable NAV does not deviate from the Net Asset Value per share by more than 20 basis points. In case of a deviation of more than 20 basis points between the stable NAV and the Net Asset Value per share, the following redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share.