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Royal London Sterling Liquidity Money Market Fund

Quarterly Investment Report

30 September 2025



Quarterly Report

The fund as at 30 September 2025

The purpose of this report is to provide an update on the Royal London Sterling Liquidity Money Market 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 investment objective of the fund is to provide a return in line with money market rates or preserve the value of the investment. The fund intends to maintain a stable Net Asset Value per Share of £1.00 for any Distribution Class. The Fund seeks to achieve its investment objective by outperforming its benchmark, the Sterling Overnight Index Average (the "Benchmark"). The Benchmark reflects bank overnight funding rates in Sterling. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark.

Fund value

	Total £m
30 September 2025	6,242.91

Fund analytics

	Fund
Fund launch date	17 April 2018
Benchmark	Sterling Overnight Index Average (SONIA)
Weighted average maturity (days)	45.67
Number of issuers	34
Yield to maturity (%)	4.06

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.08	1.01	0.07
YTD	3.40	3.21	0.19
1 Year	4.68	4.43	0.25
3 Years (p.a.)	4.78	4.52	0.25
5 Years (p.a.)	3.02	2.85	0.17
Since inception (p.a.)	2.72	2.55	0.17

Past performance is not a guarantee or reliable indicator of future returns. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on Y Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 February 2020.

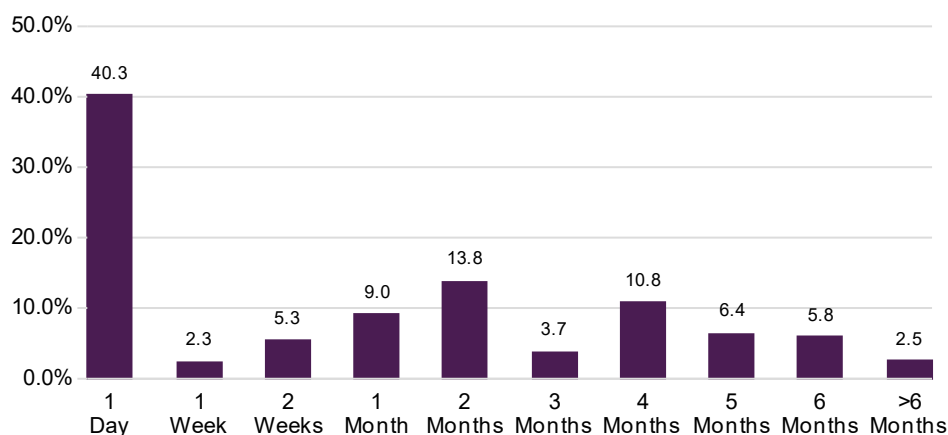
Performance commentary

Money market rates fell in line with the Bank of England rate cut in August. Longer maturities initially drifted lower on expectations of UK base rates continuing to fall, before edging higher as forecasts become more subdued. Money market returns, using SONIA as a proxy, remained attractive.

Our money market exposure remained measured, looking to extend selectively, notably later in the period where we felt that the market was overly pessimistic about potential rate cuts.

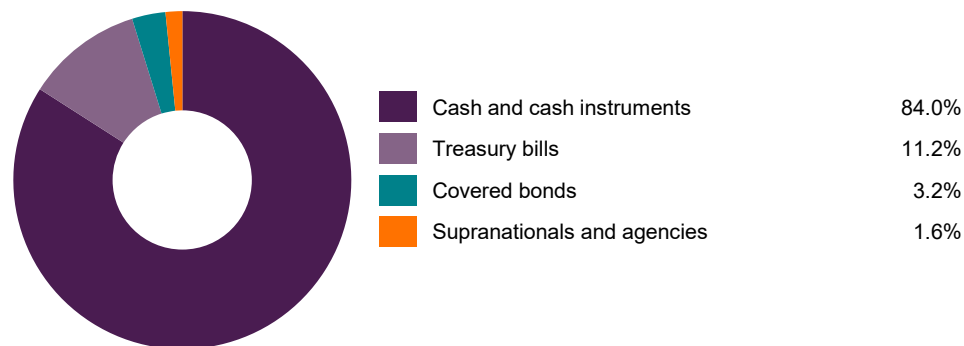
Performance was positive over the quarter compared to the SONIA benchmark. At a portfolio level, we had built up a yield premium to the benchmark. Our money market exposure was the main driver of returns, reflecting that this makes up the bulk of the fund's assets, while exposure to repo and treasury bills also contributed to returns, as did the limited exposure to covered bonds, with these performing well as fears over changes in regulatory treatment receded.

Duration profile

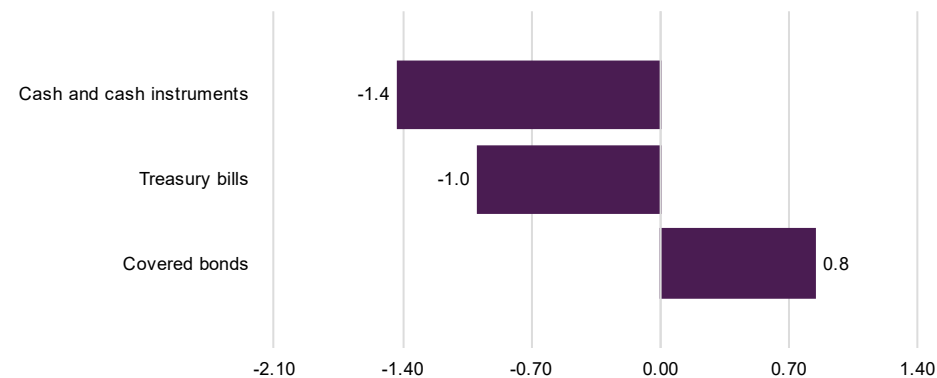


Performance and activity

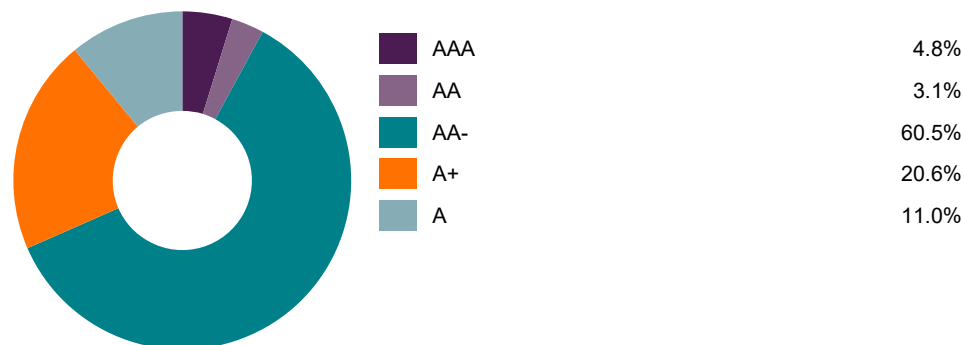
Asset allocation profile



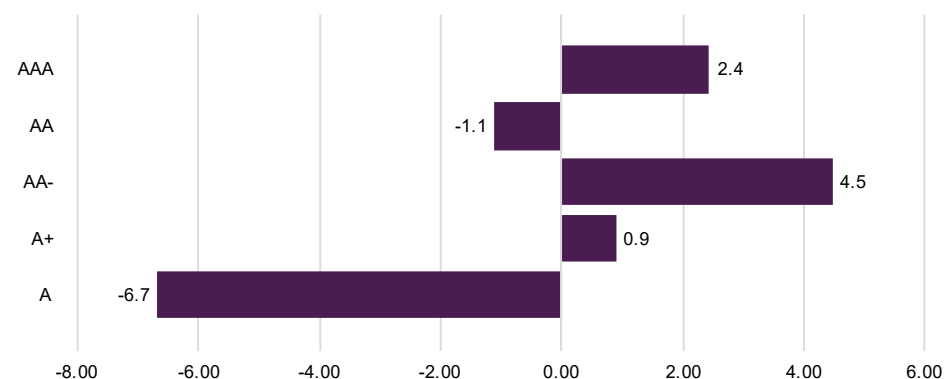
Change since last quarter (asset allocation) %



Credit rating profile

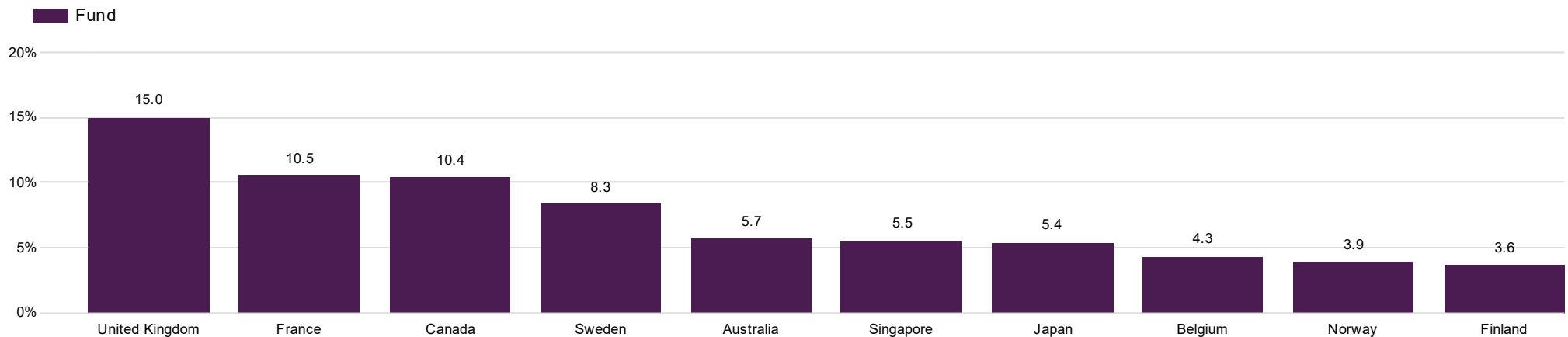


Change since last quarter (rating) %

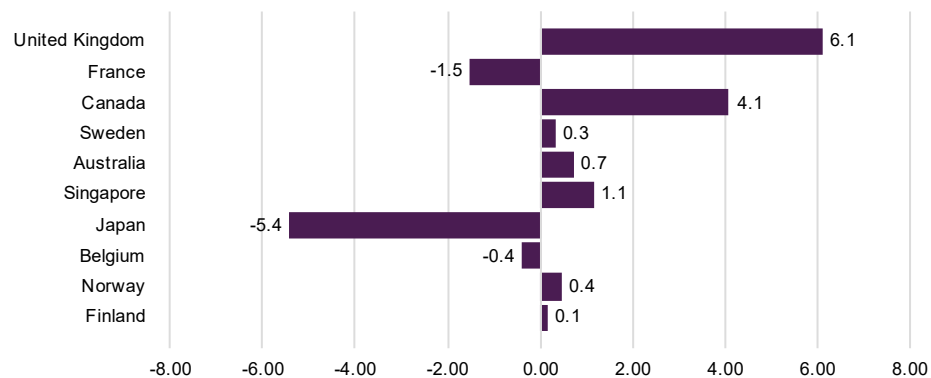


Performance and activity

Top ten geographic allocation (ex gilts) %



Change since last quarter (geographic) %



Performance and activity

Fund activity

The third quarter had two distinct periods for money market investors. For the first part of the period, the market was relatively bullish about further rate cuts from the Bank of England. This meant that there was little value in extending duration as rates shifted lower to reflect market expectations. However, data later in the period led to a material re-pricing of the market – essentially moving from pricing in one rate cut every quarter, to expecting no more until well into 2026. While our view has been cautious throughout, this change was positive as it meant longer rates started to look attractive against our models.

We still focus on short paper – reflecting the fund's objective. Core activity focused on three-month CDs, but we did look to add longer dated paper as we were comfortable with the rates available in the six-month to one-year space, particularly as the period progressed. As a result, the weighted average life of the fund drifted lower early in the period, before increasing through September. Within money market instruments, this was less a wholesale move into long-dated instruments, but an increase in six-month paper from the likes of National Westminster, United Overseas Bank, First Abu Dhabi bank and DBS Bank – all with 2026 maturities to take advantage of those attractive rates as well as extending maturities beyond year end when liquidity is usually somewhat lower.

Outside of CDs, we were active in adding six-month treasury bills, these yielding in excess of SONIA at more than 4%, with no credit risk. There were limited opportunities to add to covered bonds that suited the profile of the fund, but we did add Bank of Nova Scotia bonds maturing in January, these available in the secondary market at an attractive premium to SONIA.

Market commentary

Market overview

Following a turbulent second quarter shaped by the initial shock of US trade tariff announcements, markets stabilised during the third quarter. Globally, attention shifted towards fiscal policy and government debt sustainability. With central banks circumspect about the prospects for further rate cuts, uncertainty around potential rate cuts influenced bond yields and investor confidence.

Risk assets generally performed well over the period. US markets navigated mixed signals. While second-quarter earnings generally exceeded subdued expectations, and business surveys reflected a sense of optimism, signs of a cooling labour market and renewed concerns over the Federal Reserve's independence added a layer of uncertainty during the period.

A shadow was cast over the UK's economic outlook during the summer quarter. Inflation proved more persistent than expected, prompting the Bank of England to strike a more cautious tone—even as it proceeded with a rate cut in August. Expectations for further easing were dampened and resulted in upward pressure on gilt yields. There were mounting concerns over the government's fiscal health, leading to speculation about potential tax increases or further gilt issuance in the forthcoming autumn budget.

The eurozone also faced a mixed quarter. While robust activity data and strong earnings in select sectors offered encouragement, political uncertainty sparked volatility and weighed on market performance. This was perhaps most visible in France, where the resignation of Prime Minister Bayrou, after losing a confidence vote over plans to address debt levels, added to pressure on President Macron.

Government bond markets proved volatile over the summer. Benchmark 10-year gilt yields rose from 4.48% to end at 4.70%, but with sharp rallies in both early August and September. Meanwhile at 5.75%, UK 30-year gilt yields hit their highest levels in almost 30 years. In the US, 10-year treasury yields stood at 4.13% at the end of September, slightly lower than levels seen at the start of July but with considerable volatility in the interim. In the eurozone, the spread between 10-year bonds in France and Germany expanded to the widest level in more than a year as French bond yields climbed higher amid the country's debt crisis. The German 10-year bund yield was 2.67% at the end of the third quarter, broadly in line with previous months.

The Bank of England rate cut in August was the focus for money market rates over the quarter. Having started the period at 4.21%, SONIA fell to 3.97% after the cut. Two-year gilts, often seen as a proxy for market expectations of BoE rates, ended the quarter at 3.99% having started July at 3.82%, having spent most of the period in a relatively tight range between 3.9% and 4%.

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, the conflict in Gaza 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.

At its September meeting, the Bank of England (BoE) committee voted to leave interest rates unchanged at 4.0%, by a majority of 7:2, as was expected by the market. While growth remains anaemic and the labour market continues to weaken, albeit relatively slowly, Consumer Price Inflation (CPI) remains uncomfortably high. There is a wide range of views among committee members about inflation, but overall, there appears to be a broad consensus that risks are skewed towards higher and more persistent of inflation over the medium term. In our view, this explains why, despite the BoE wanting to remove 'monetary policy restraint', markets are now effectively expecting no further cuts in 2025. In our view, other aspects of the economy, most notably the labour market, would need to deteriorate significantly from here over the next few months to see any chance of a further cut in 2025 being priced back in. The market will also be paying close attention to the upcoming budget in November, and the potential impact fiscal policy choices might have on inflation during the first half of 2026. What hasn't changed is the market pricing of the longer-term neutral rate, which has remained around 3.5% for some time. For investors in shorter maturity instruments, this is ultimately more important than the exact timing of interest rate cuts.

Although very short money market rates fell over the quarter, longer equivalents increased somewhat as the market moved to price out Bank of England rate cuts. and bond yields fell over the quarter as a whole, we believe that the yields across our range of liquidity and short-dated funds remain attractive – particularly in an environment where uncertainty (whether measured in business surveys or looking at market volatility measures) remains elevated.

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.

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Issued in October 2025 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

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.

Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

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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.

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.

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.

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 risks

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.

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.

Performance to 30 September 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	1.08	2.21	4.68	15.04	16.05	4.78	3.02
Fund (net)	1.05	2.16	4.58	14.70	15.47	4.67	2.92

Annualised (%)

Year on year performance (%)

	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021
Fund (gross)	4.68	5.46	4.21	0.77	0.10
Fund (net)	4.58	5.35	4.11	0.67	0.00

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.

Source: RLAM as at 30 September 2025. All figures are mid-price to mid-price for the Royal London Sterling Liquidity Money Market Fund Y Inc GBP share class.

Glossary

Asset allocation

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

Money market instruments

Investments that pay interest, have a short duration and are designed to maintain a stable value.

Number of issuers

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

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.

Weighted average maturity

The average length of time to maturity of all underlying securities in the fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the security must be repaid.

Yield to maturity

A bond's yield to maturity is the total expected return if it is held until its maturity date.