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RLPPC Enhanced Buy & Maintain Cash Flows 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 RLPPC Enhanced Buy & Maintain Cash Flows 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

To achieve a yield of +1.30% in excess of gilts. The Fund is not managed in reference to any benchmark index.

Fund value

	Total £m
30 September 2025	152.00

Asset allocation

	Fund (%)
Conventional credit bonds	99.49
Conventional gilts	0.21
Index linked credit bonds	0.18
Conventional foreign sovereigns	0.12

Fund analytics

	Fund
Fund launch date	1 April 2021
Fund base currency	GBP
Duration (years)	5.71
Gross redemption yield (%)	5.83
Credit spread (%)	1.50
Number of holdings	358
Number of issuers	256

Performance and activity

Performance

	Fund (%)
Quarter	0.98
YTD	4.66
1 Year	4.30
3 Years (p.a.)	7.38
Since inception (p.a.)	(0.46)

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 S Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 2 April 2021.

Performance commentary

The third quarter saw positive returns from sterling credit investment grade markets (Iboxx). Against this, the portfolio also saw positive returns and looking at performance in the context of wider sterling credit markets, using the iBoxx Sterling Non-Gilt index as a reference, the portfolio outperformed. The portfolio has a duration position that is longer than the wider market as part of its objective, and this was a modest negative for returns relative to the market. Sector selection was positive for the portfolio. Our bias towards structured 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 also positive during the quarter, particularly within the structured sector. Our exposure to Unifund was a notable example. These are secured bonds financing loans to two universities. The University of Sheffield repaid its loan at a significant premium to market pricing the quarter, resulting in strong performance from the bonds. Our holdings in shopping centres Meadowhall and Trafford Centre also performed well.

Performance and activity

Top 10 holdings

	Weighting (%)
CLYDESDALE BANK PLC 4.625 08 Jun 2026	1.65
LLOYDS TSB BANK PLC 6 08 Feb 2029	1.26
HIGH SPEED RAIL FINANCE 1 PLC 4.375 01 Nov 2038	1.08
AVIVA PLC 6.875 20 May 2058	0.95
THFC FUNDING NO 3 PLC 5.2 11 Oct 2043	0.93
PRS FINANCE PLC 1.75 24 Nov 2026	0.87
ERF_3 A2 5.05 26 Apr 2033	0.75
HSBC BANK PLC 6.25 30 Jan 2041	0.74
AGPLN_02 5.661 30 Jun 2031	0.74
GROSVENOR UK FINANCE PLC 6.5 29 Sep 2026	0.73
Total	**9.69**

Fund activity

New issue activity was lower than usual during the first two months of the quarter thanks to the normal summer lull, but activity picked up in September as issuers returned to primary markets. There continued to be strong liquidity in the secondary market and attractive opportunities to add to portfolios.

Banks and financials dominated new issue activity towards the end of the quarter, and we participated in buying into a new 2031 issue of senior notes by Bank of Montreal at an attractive yield premium. In the insurance sector, we added sterling-denominated bonds from Metropolitan Life Global Funding and Massachusetts Mutual Life Insurance Company, two US insurers where the bonds rank alongside policyholders.

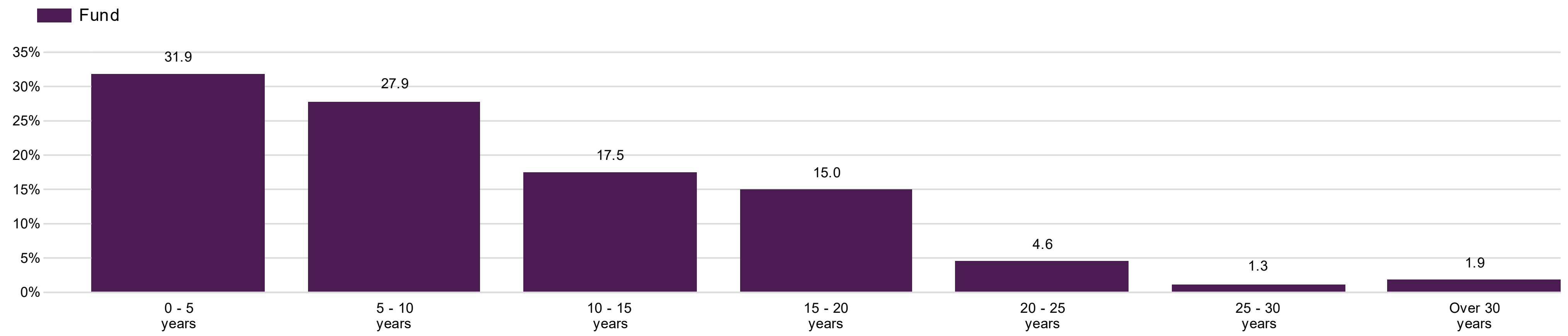
With overall market levels somewhat tighter, we have looked at areas that would usually be seen as offering lower value. An example in the government guaranteed area was Saltaire Finance, a special purpose vehicle, which was established in connection with the management and delivery of the UK's Affordable Homes Guarantee Scheme. The bonds were issued to help fund the development of affordable homes. The bonds came to market at an attractive level given market levels and very low credit risk given the UK Government guarantee.

Social housing also offers security over property assets, as well as fulfilling an important societal need. We added a new issue from Sovereign Network Group, one of the UK’s largest housing associations providing over 85,000 homes predominantly in London and Southern England. We added social housing aggregator Morhomes in the secondary market, switching out of Blend, adding around 20bps in credit spread for comparable credit quality.

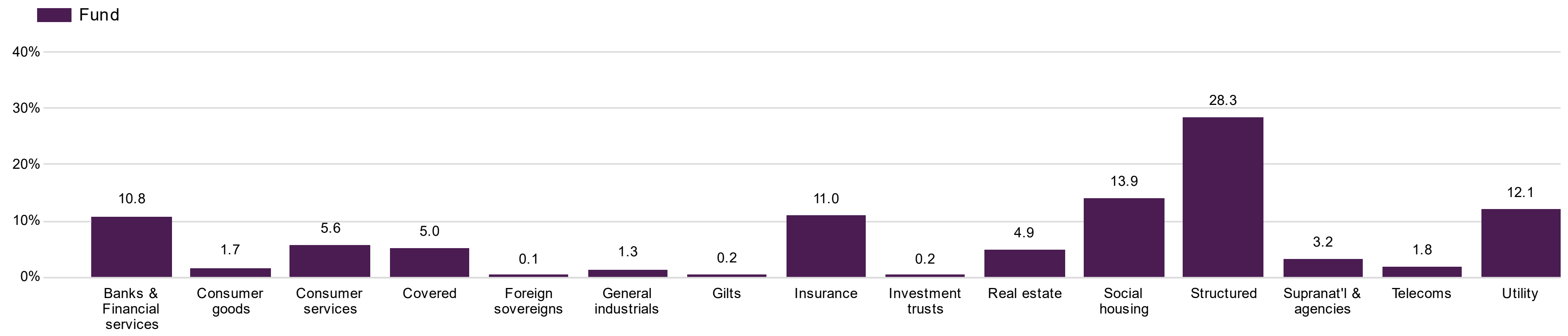
We will always look to switches to enhance spread or reduce risk. With underlying gilt yield curves step at present, we looked for opportunities to effect switches that also marginally extended maturity, thereby adding yield through both the underlying gilt as well as credit spread. An example during the quarter was Northern Gas Networks, where we switched out of 2033 bonds into 2035s for a yield pick-up.

Fund breakdown

Maturity profile

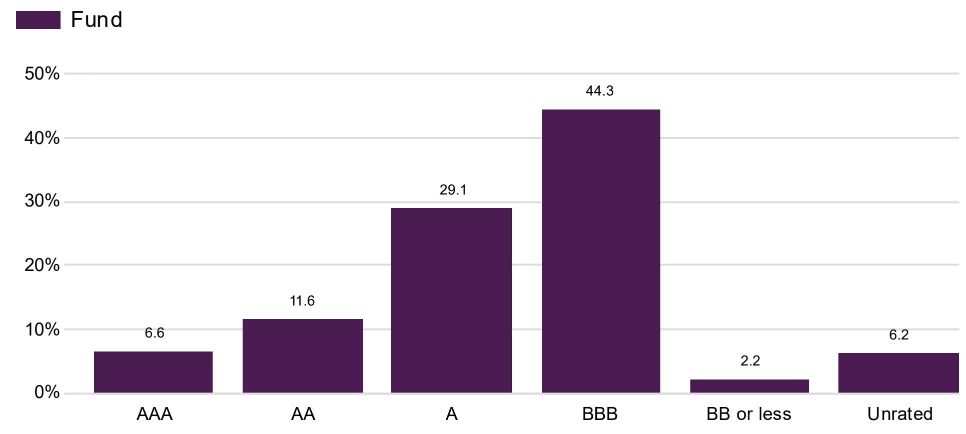


Sector breakdown



Credit ratings

Credit ratings



Downgrades

The table below details directly held credit bonds downgraded from investment grade to sub-investment grade based on the RLAM composite rating during the quarter.

Asset description	Current Rating	Previous Rating
No downgrades this quarter		

Upgrades

The table below details directly held credit bonds upgraded from investment grade to sub-investment grade based on the RLAM composite rating during the quarter.

Asset description	Current Rating	Previous Rating
No upgrades this quarter		

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	21	40
Number of engagements	27	90

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.

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.

Total engagements by theme and topic

Biodiversity	**2**
Climate	**2**
Climate - Transition Risk	2
Diversity	**4**
Ethnic Diversity	2
Gender Diversity	2
Environment	**4**
Governance	**11**
Corporate Governance	8
Strategy	2
Board	1
Social & Financial Inclusion	**13**
Just transition	9
Labour & Human Rights	2
Social & Financial inclusion	2
Technology, Innovation & Society	**5**
Cybersecurity	3
Technology & Society	2

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

Fund Engagement

Engagement outcomes

BP Plc - Multi-thematic

Purpose:

This meeting was our first interaction with BP PLC, a global energy company, under the strategic engagement programme, covering various material issues beyond climate concerns. The meeting aimed to understand how BP is balancing traditional energy and renewables, embedding anti-corruption frameworks, improving safety culture, and managing pollution prevention and community engagement.

Outcome:

BP outlined its evolving strategy in response to global events, with a renewed focus on capital allocation and performance across oil, gas and renewables. Recent leadership changes, including a new Chair and CEO, are shaping strategic direction, supported by ongoing portfolio and cost reviews.

The company continues to strengthen ethical business practices through mandatory training, whistleblower protections, and anti-corruption policies. In 2024, 251 employee separations were linked to non-compliance with its Code of Conduct. Safety remains a top priority, with lessons from incidents like the Husky Toledo refinery fire driving improvements in emergency response and safety culture.

Environmental risk management is supported by digital platforms such as LENS, which track incidents and share learnings. BP is focused on designing out pollution risks and engaging with communities through liaison officers. Future engagement will monitor progress on strategic delivery, ethical conduct, safety performance, and environmental stewardship.

Bunzl Plc - Workplace culture

Purpose:

The purpose of the engagement meeting with Bunzl, a global distribution and outsourcing company, was to discuss the company's approach to workforce engagement, whistleblowing, and reporting on workplace conduct, as well as to explore opportunities for improving transparency and disclosures.

Outcome:

Bunzl has shown a strong commitment to workforce engagement, with directors leading listening sessions across regions and languages. Although its decentralised model creates challenges for centralised reporting, the company is open to improving disclosures and performance monitoring. Bunzl shared whistleblowing data, noting an increase in reports, particularly from recent acquisitions in Latin America, which the company suggests growing employee confidence in reporting mechanisms. Serious cases are escalated to the board, with outcomes ranging from dismissals to educational interventions. The company is strengthening local reporting, conducting annual self-assessments, and using employee surveys, including discrimination-specific questions, to monitor culture, with positive results observed.

We encouraged Bunzl to enhance the granularity of its Speak Up data, benchmark performance against industry standard, provided by Navex, a leading compliance and risk management platform, and showcase positive survey outcomes. The company is considering tracking substantiation rates for future board reporting. Next steps include delivering a more detailed breakdown of Speak Up data, exploring external benchmarking, and reporting substantiation rates by risk category.

Fund Engagement

Engagement outcomes

Centrica Plc - Net zero

Purpose:

The purpose of the engagement meeting with Centrica, a UK energy company, was to provide feedback on the improvements seen in its new climate transition report and to ask further questions to gain clarity on lobbying, physical climate risk, and the company's biodiversity practices.

Outcome:

Centrica has made significant progress following our engagements. The company's latest climate transition report demonstrates improved transparency on emissions offsetting, remuneration, and decarbonisation strategies, directly addressing areas we previously raised. Centrica clarified its lobbying position, confirming the company had exited from a controversial trade body in 2023 and committing to greater disclosure through a new trade association report. It now assesses trade associations for alignment with the Paris Agreement and just transition principles and has committed to a twelve-month engagement plan for those institutions not aligned.

On physical climate risk, Centrica provided disclosures consistent with the Task Force on Climate related Financial Disclosures (TCFD). The company highlighted its low exposure due to asset location and lifecycle, while proactively managing risks such as extreme weather and sea level rise; although current disclosures remain primarily linked to climate impacts. Biodiversity was acknowledged as an emerging priority, with existing action plans and strategies in place to meet the policy requirement that development projects deliver a measurable net gain - typically at least 10% - in biodiversity as a condition of planning approval. While net gain strategies are being developed, current disclosures remain largely focused on climate-related impacts. A follow-up climate letter will be issued to maintain engagement and encourage further progress on integrating biodiversity considerations into corporate reporting and strategy.

Commonwealth Bank of Australia - Multi-thematic

Purpose:

The purpose the meeting at Commonwealth Bank of Australia, an Australian financial institution, was to discuss recent votes, its latest climate disclosures and to address social and financial inclusion issues.

Outcome:

Commonwealth Bank of Australia provided detailed responses on its climate strategy, the requirements it sets for transition plans from high emitting clients, and progress on sectoral decarbonisation. It is preparing for Australia's new mandatory climate reporting and aligning with global standards. Emissions data in the agriculture sector remains a challenge, and the bank is pursuing partnerships to improve data quality. Further action will depend on the outcome of the internal review.

Regarding the Australian Securities and Investments Commission (ASIC) investigation into unfair fees, the bank acknowledged goodwill payments to a subset of vulnerable Indigenous customers but disputed the broader definition of vulnerability. An internal review is under way to identify genuinely vulnerable customers and to assess potential remediation. The bank emphasised compliance with regulation and noted that ASIC's guidance to refund customers is not a legal requirement.

On governance, the bank continues to address gender balance and pay gaps, introducing a career comeback programme to support female talent returning after maternity leave. Unlike some peers, it has chosen not to offshore call centres, which has supported improvements in the pay gap. Employee turnover has improved, although absenteeism remains above levels seen before the pandemic. Cultural diversity statistics are improving, and substantiated misconduct cases have decreased, supported by increased training and awareness. The bank maintains a zero-tolerance policy on sexual harassment. This engagement is complete; we will monitor the company's disclosure improvements.

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.

The sterling investment grade credit market (iBoxx non-gilt index) returned 0.69% over the period under review, outperforming gilts, 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. Spreads narrowed from 0.87% to 0.77% (iBoxx) over the third quarter, continuing the narrowing of spreads seen during the second quarter which had more or less reversed the widening seen in the first quarter. Sector returns were generally positive, led by banks, insurance and structured bonds, while supranationals, utilities and consumer sectors lagged.

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.

Yet risk markets generally, including sterling credit, have continue to produce attractive returns. With sterling 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 sterling 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 expect relative performance to continue to be meaningfully influenced by the comparative 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.

We remain confident that we can further achieve an attractive credit spread premium in our buy & maintain portfolios, as we look to exploit market inefficiencies, with long-standing belief such as the undervaluing of security now augmented by newer inefficiencies such as the 'mechanised' approaches used by annuity providers, Exchange Traded Funds and passive funds that treat credit as a homogenous commodity area, buying in a relatively price insensitive manner. Experience suggests that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

Royal London Sterling Credit ESG analysis

TCFD climate report

Find out more

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

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

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The portfolio has no index as a comparison.

Risks and Warnings

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 it's 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.

Derivatives risk for investment purposes

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.

Performance to 30 September 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception
Fund (gross)	0.98	3.74	4.30	23.85	(2.07)
Fund (net)	0.98	3.74	4.30	23.85	(2.07)

Annualised (%)

3 Years (p.a.)	Since Inception (p.a.)
7.38	(0.46)
7.38	(0.46)

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)	4.30	11.02	6.95	(21.92)	-
Fund (net)	4.30	11.02	6.95	(21.92)	-

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 RLPPC Enhanced Buy & Maintain Cash Flows Fund S Inc GBP share class. Since inception date 2 April 2021.

Glossary

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

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

Credit spread
Credit spread is the difference in yield between two debt securities of the same maturity but different credit quality.

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.

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
Fund performance is based on close of business prices.

Pricing
The Fund's price will 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.

Rating changes - downgrades
Directly held credit bonds downgraded from investment grade to sub-investment grade based on the RLAM composite rating during the quarter.

Rating changes - upgrades
Directly held credit bonds upgraded from sub-investment grade to investment grade based on the RLAM composite rating during the quarter.

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.