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RLPPC UK Long Corporate Bond 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 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.

Contents

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 Index (Total Return, GBP)

Fund value

	Total £m
30 September 2025	181.71

Asset allocation

	Fund (%)	Benchmark (%)
Conventional credit bonds	94.72	98.65
Conventional gilts	3.91	-
Conventional foreign sovereigns	1.19	1.35
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 Index (Total Return, GBP)	
Duration (years)	12.24	12.46
Gross redemption yield (%)	6.49	6.27
Number of holdings	120	198
Number of issuers	95	132

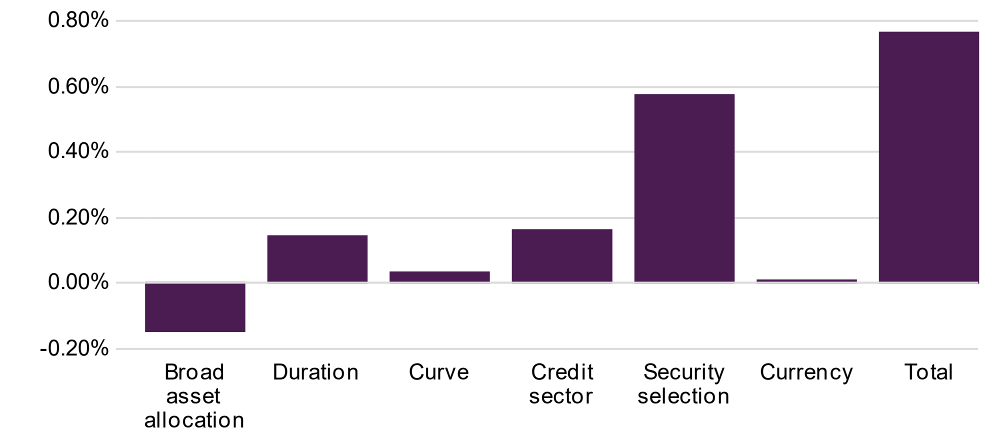
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.05	(0.65)	0.71
YTD	2.05	1.23	0.82
1 Year	(0.22)	(2.11)	1.89
3 Years (p.a.)	5.73	4.18	1.55
5 Years (p.a.)	(5.01)	(7.08)	2.07
10 Years (p.a.)	1.85	0.64	1.21
Since inception (p.a.)	4.63	3.74	0.89

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 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 third quarter saw positive returns from sterling credit investment grade markets (iBoxx). Against this, the fund outperformed the index. Despite the volatile nature of newsflow and government bond markets in 2025, performance remains comfortably ahead of the index year-to-date.

Sector positioning was positive. Our bias towards insurance bonds was helpful as the sector performed strongly, as was our exposure to the structured sector. Our longstanding underweight in supranational bonds also helped performance as the lower perceived risk of the supranational sector contributed to it again lagging the wider market.

Stock selection effects were 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. Banks stock selection was also helpful, notably subordinated bonds from Santander.

Performance and activity

Top 10 holdings

	Weighting (%)
ELECTRICITE DE FRANCE SA 6 23 Jan 2114	3.95
M&G PLC 6.34 19 Dec 2063	2.65
VODAFONE GROUP PLC 6.375 03 Jul 2050	2.62
UK CONV GILT 0.5 22 Oct 2061	2.56
M&G PLC 6.25 20 Oct 2068	2.20
HEATHROW FUNDING LTD 4.625 31 Oct 2046	2.20
FFRESH_1 8.369 04 Oct 2058	2.09
HARB_03-08 5.28 31 Mar 2044	1.93
GENFINANCE II PLC 6.064 21 Dec 2039	1.90
AVIVA PLC 6.875 20 May 2058	1.89
Total	**23.98**

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.

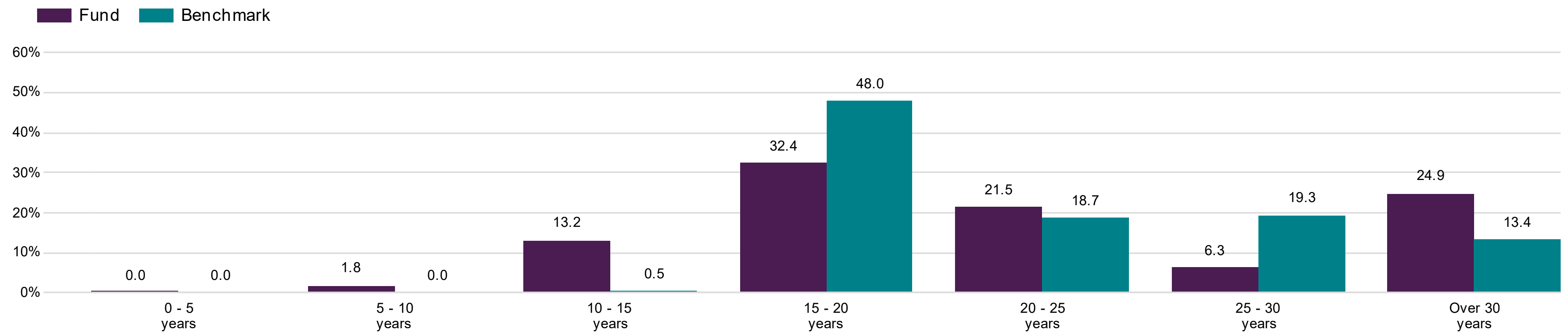
We continue to find attractive opportunities in the water sector, a key area for infrastructure spending and a regulated industry. We bought a new issue from Yorkshire Water at a significant yield premium to market pricing.

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.

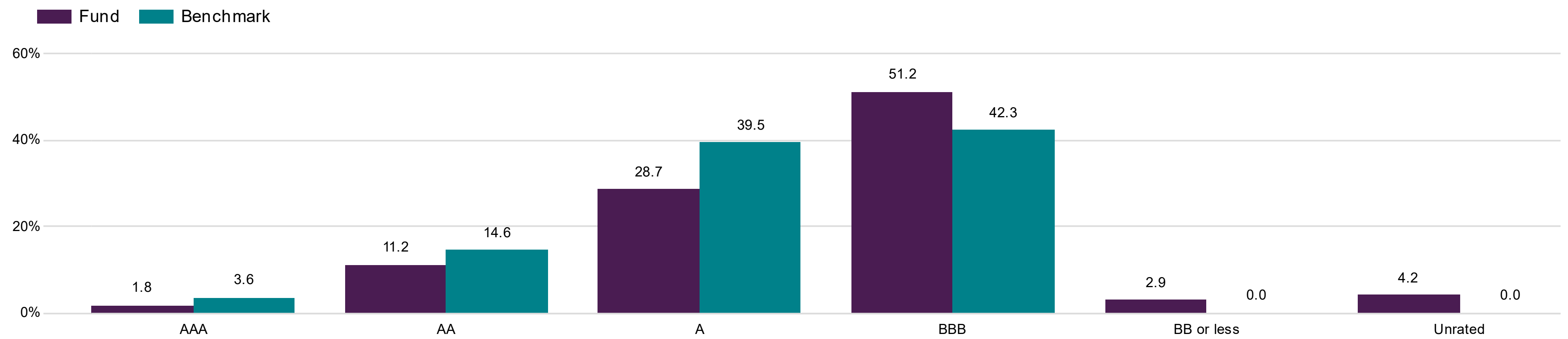
In other sectors, we added to our holding in Vodafone and Anglia Water and Heathrow in the secondary market.

Fund breakdown

Maturity profile

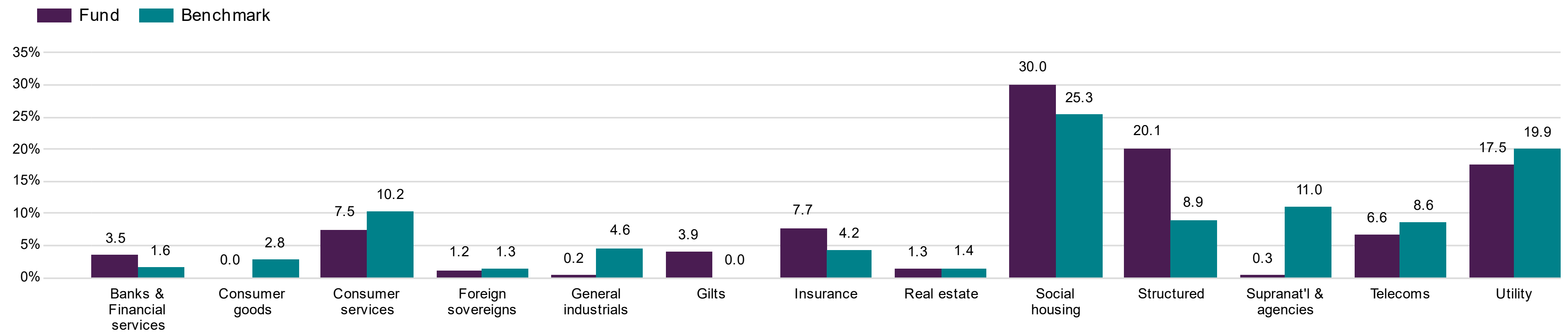


Credit ratings



Fund breakdown

Sector breakdown



Fund Engagement

Engagement definition

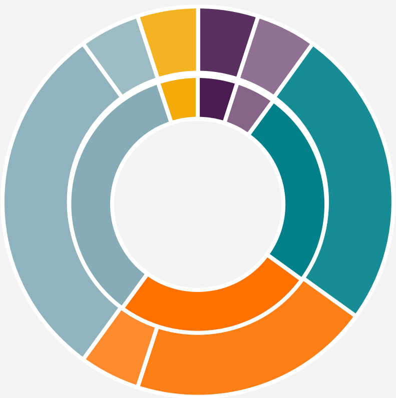
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	13	17
Number of engagements	15	36

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



Circular Economy	1
Climate	1
Climate - Transition Risk	1
Environment	5
Governance	5
Corporate Governance	4
Board	1
Social & Financial Inclusion	7
Just transition	6
Social & Financial inclusion	1
Technology, Innovation & Society	1
Technology & Society	1

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

Engagement focus

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

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

Fund Engagement

Engagement outcomes

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.

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. The US dollar softened slightly, while equities—especially in the tech sector—remained buoyant, driven by ongoing enthusiasm for artificial intelligence despite growing concerns over near-term revenue potential.

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 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 continued 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.

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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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 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.

Performance to 30 September 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	0.13	3.00	0.10	19.36	(21.41)
Fund (net)	0.05	2.83	(0.22)	18.22	(22.66)

Annualised (%)

	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	6.07	(4.70)
Fund (net)	5.73	(5.01)

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)	0.10	14.22	4.40	(34.52)	0.56
Fund (net)	(0.22)	13.85	4.07	(34.73)	0.23

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 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 close of business returns for both the fund and the index whereas performance figures are based on midday returns for the fund and close of business for the index. Therefore the performance will not include market moves between midday when the fund is priced, and close 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.

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

Both the Fund and Index performance are 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.

Rolling 3-year period

A rolling 3-year period is any period of three years, no matter which day you start on.

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.