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RLPPC Climate Aware Buy and Maintain Credit Fund

Quarterly Investment Report

30 June 2026

Quarterly Report

The fund as at 30 June 2026

The purpose of this report is to provide an update on the RLPPC Climate Aware Buy and Maintain Credit 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	3
Performance and activity	4
Fund breakdown	6
Credit ratings	7
ESG	8
Market commentary	11
Further information	12
Disclaimers	13
Performance net and gross	15
Glossary	16

The fund

Fund performance objective

The fund will aim to provide excess income (relative to equivalent UK Government Bonds) over the life of the fund. The RLPPC Enhanced Buy & Maintain Credit Fund aims to achieve an initial credit spread of 1.3-1.6% in excess of gilt yields within an acceptable risk framework. The fund invests predominantly in investment grade bonds. It may also invest in sub-investment grade bonds. The portfolio will be managed with a constant duration of between 8-10 years.

Reference index: There is no benchmark for this fund. The iBoxx Sterling Non-Gilt All Maturities index has been used in this report for reference purposes only.

Fund value

	Total £m
30 June 2026	71.37

Asset allocation

	Fund (%)	Benchmark (%)
Conventional credit bonds	97.60	99.41
Conventional gilts	2.40	-
Conventional foreign sovereigns	-	0.59

Fund analytics

	Fund	Benchmark
Fund launch date	16 January 2017	
Fund base currency	GBP	
Duration (years)	6.31	5.12
Redemption yield (%)	6.16	5.25
Credit spread (%)	1.55	0.69
Number of holdings	170	1,237
Number of issuers	139	478

Performance and activity

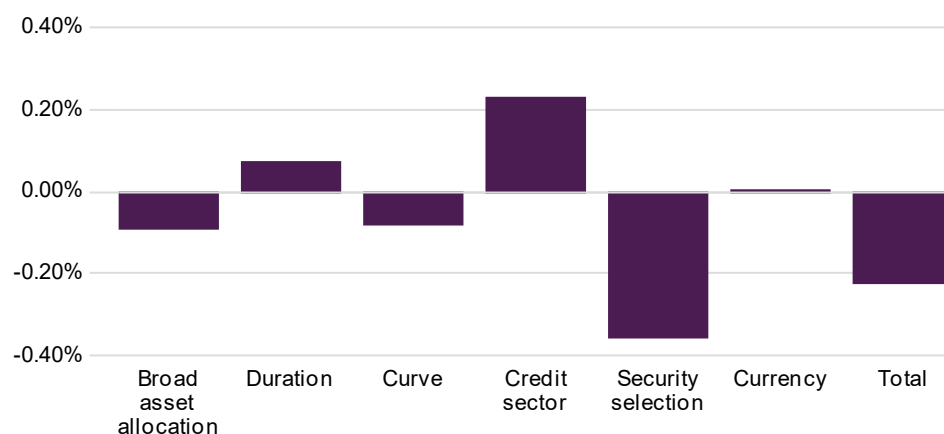
Performance

	Fund (%)	Reference index (%)	Relative (%)
Quarter	2.42	2.64	(0.22)
YTD	1.37	0.98	0.39
1 Year	6.04	4.29	1.75
3 Years (p.a.)	7.84	6.42	1.42
5 Years (p.a.)	0.17	(0.51)	0.69
Since inception (p.a.)	2.32	1.54	0.78

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. The impact of fees reduces your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on I Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 16 January 2017.

Please note that with effect from 1 December 2025 the fund name changed from RLPPC Enhanced Buy and Maintain Credit Fund to RLPPC Climate Aware Buy and Maintain Credit Fund

Attribution over the quarter



Performance commentary

There were positive returns from sterling credit investment grade markets (iBoxx) during the second quarter. Against this, the fund also saw positive returns. Looking at performance in the context of wider sterling credit markets, using the iBoxx Sterling Non-Gilt index as a reference, the fund produced a lower return.

The portfolio has a duration position that is longer than the wider market as part of its objective, and this was helpful for returns relative to the market. This stance also reflects bottom-up credit selection, where we find more opportunities in mid and longer-dated bonds, rather than an outright macro-driven stance. At the same time, that bias towards medium and longer dated bonds was negative over the quarter as the short-dated part of the market performed well as the market re-priced to reflect lower expectations of rate hikes.

Our sector biases were helpful over the period. As with duration positioning, our sector exposures reflect underlying bottom-up decisions, rather than a top-down decision to allocate more or less to certain sectors. Our longstanding underweight position in supranationals was the largest positive allocation effect, while overweight positioning in insurance also added value.

Stock selection was negative during the quarter. Negative effects were centred in our structured holdings, where Thames Water bonds fell due to an increasing risk of the utility entering Special Administration under a Burnham administration, as opposed to a creditor led restructuring of the business. This impact was mitigated by strong performance by Intu Metro and Meadowhall shopping centres.

Performance and activity

Top 10 holdings

	Weighting (%)
United Kingdom Gilt 0.5% 22/10/2061	2.37
HSBC Bank Fund 5.844% VRN Perp	2.10
British Land Co 5.264% 24/9/2035	2.02
Trafford Centre FRN 28/07/2038	1.96
Electricite De France 6% 23/01/2114	1.84
Poplar Housing & Regeneration Com 4.843% 30/9/2043	1.83
Meadowhall Finance 4.986% 12/01/2032	1.70
Annes Gate Property 5.661% 30/06/2031	1.52
British Land 5.357% 31/03/2028	1.50
SW Finance I PLC 7.375% 12/12/41	1.34
Total	18.18

Fund activity

New primary market issuers were active but moderate through the quarter. Investment grade sterling issuance totalled £12.7bn during the second quarter, led primarily by financial-sector supply. This was slightly above last year's issuance during the same period (£10.3bn).

Banks and financials remain a large part of the index. We continue to favour the sector, as credit spreads provide attractive compensation for the risks taken. We did add modestly to senior bonds, including a new green senior sterling-denominated issue by Dutch bank ABN AMRO. We remain disciplined with subordinated financial exposure, focusing on higher quality issuers where we are compensated for going down the capital structure. During the quarter we added lower tier 2 issues from Barclays, and a relatively rare issue from Goldman Sachs, adding diversification to our financials exposure.

In the social housing sector we added a new issue from Sage Housing, England's largest provider of new build affordable housing for the past five years. This issue is a floating rate ABS, paying a very attractive spread over SONIA, and is backed by a strong portfolio of nearly 3,000 newly built, highly energy-efficient social and affordable rent homes across England.

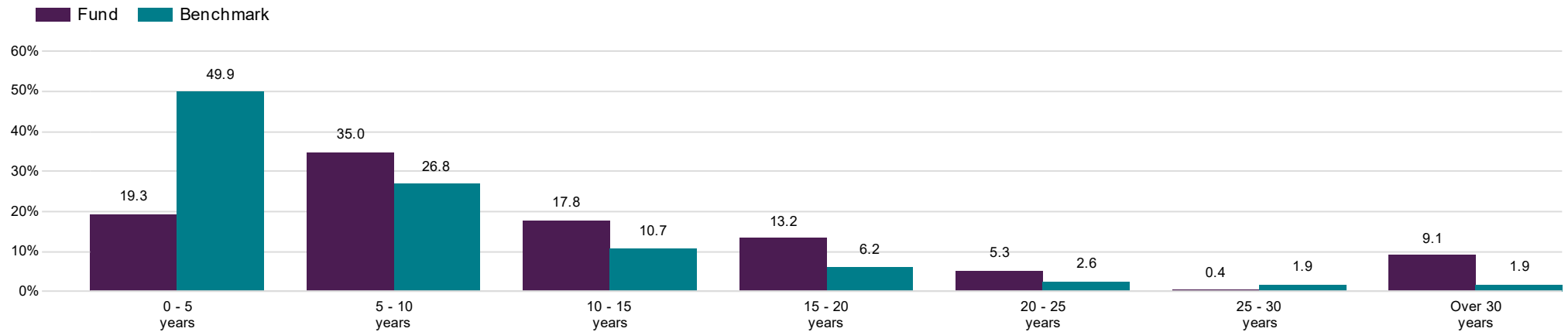
In the energy sector, hybrid bond issuance remains popular given its favourable treatment by rating agencies. Given the higher leverage and subordinated lending position of these instruments, we are very selective in this area, but over the quarter added a new sterling-denominated hybrid from French utility Engie at a yield well over 6%.

In real estate, Vonovia, one of Europe's largest residential real estate companies headquartered in Germany, came to market with a sterling-denominated 12-year bond. Whilst our preference remains lending to the sector on a secured basis, this new issue offered an attractive spread given the quality of the underlying assets. We also bought a new issue for London-based shopping centre Westfield Stratford City following the early repayment of existing bonds at par, which represented a premium to existing market pricing.

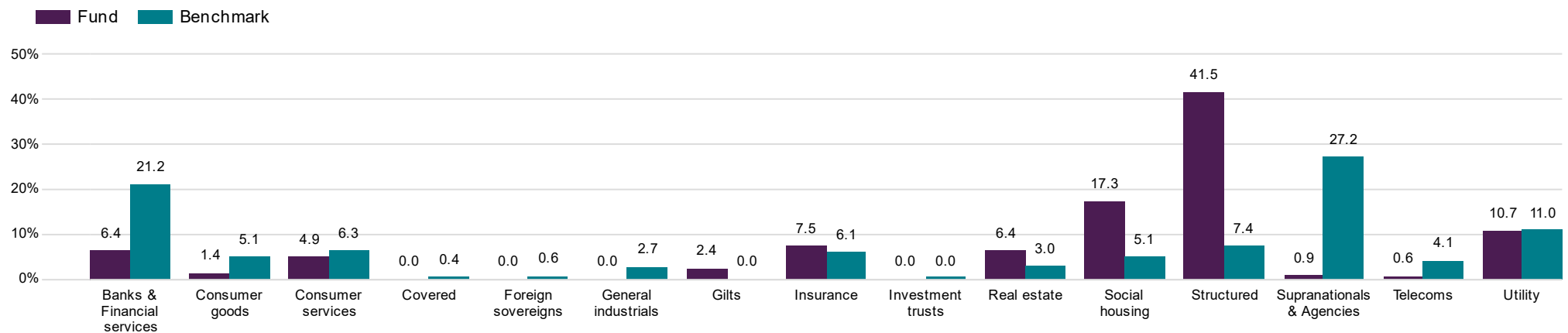
We continue to seek to diversify the portfolio when we believe that attractive opportunities arise. One of these was education publisher Pearson, issued with a yield premium which we felt more than compensated for the perceived AI disruption risk.

Fund breakdown

Maturity profile

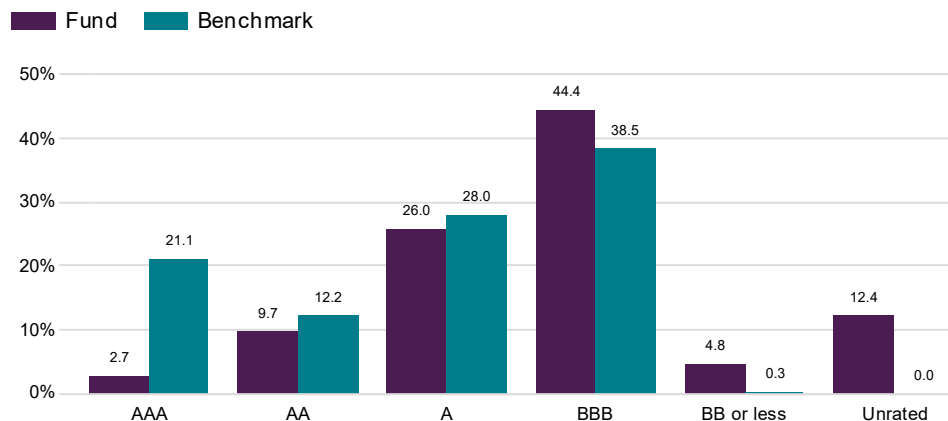


Sector breakdown



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 sub-investment grade to 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	7	18
Number of engagements	8	45

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



Climate	8
Climate - Transition Risk	5
Climate - Physical Risk	3
Social & Financial Inclusion	2
Just transition	1
Labour & Human Rights	1

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.

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

Fund Engagement

Engagement outcomes

Barclays PLC - Climate - Transition Risk

Purpose:

We engaged Barclays PLC, a global banking and financial services company, as part of Royal London Asset Management's Net Zero Stewardship Programme to assess its progress on climate strategy ahead of its Annual General Meeting (AGM).

Outcome:

We attended an online investor event with Barclays' Climate and Investor Relations teams, at which the company reiterated its commitment to becoming a net zero bank by 2050, underpinned by 2030 sectoral targets aligned to a 1.5 degrees Celsius pathway. The bank highlighted that it has already achieved approximately a 90% reduction in market-based Scope 1 and 2 emissions - covering its own direct and energy-related emissions - through full renewable electricity sourcing. Barclays positioned its Climate Transition Framework as the central tool for assessing the transition quality of its clients, governing engagement and informing lending decisions, noting that coverage has expanded five-fold and is supported by artificial intelligence (AI) analytics.

The bank reported a record year for transition finance in 2025, with £500 million of balance-sheet equity investment committed to support transition activity. It acknowledged, however, that progress across sectors and regions remains uneven, and that some material exposures still lack explicit targets due to data and benchmark gaps. Barclays also confirmed it maintains no formal commitment to the Science Based Targets initiative (SBTi). We will continue to monitor whether the bank translates its framework commitments into broader, measurable financed-emissions targets across its full balance sheet.

Electricite de France SA - Climate - Transition Risk

Purpose:

We engaged Electricite de France SA, a French state-owned energy and utilities company, as part of Royal London Asset Management's Net Zero Stewardship Programme to better understand its approach to managing climate-related transition risks within its long-term business strategy.

Outcome:

During our engagement, we sought to understand how Electricité de France SA (EDF) is positioning itself for the transition to a lower-carbon economy, given the significant investment required across its nuclear, renewable energy and network infrastructure portfolio. The company acknowledged our concerns as a serious matter and engaged constructively with the questions we raised.

EDF highlighted several areas of progress, including achieving its lowest-ever carbon intensity of 26.5 gCO₂/kWh in 2025, supported by increased nuclear generation and lower thermal gas production. The company also reported a reduction in Scope 3 emissions, while recognising that gas sales continue to present challenges. We discussed EDF's role in supporting electrification and were encouraged to hear about a recently announced €240 million programme to support low-income households and SMEs with measures including heat pumps and electric vehicle adoption.

We explored the opportunities and challenges associated with increased electrification, including the need for substantial investment in electricity networks to support renewable energy integration, electric vehicle charging and evolving patterns of electricity demand. EDF also provided an update on its climate adaptation strategy, highlighting the importance of water resources to its hydroelectric, nuclear and thermal generation assets. The company outlined how it assesses climate-related vulnerabilities and develops resilience measures to manage the potential impact of changing weather patterns on future generation. We were encouraged by EDF's continued focus on decarbonisation, electrification and climate resilience, and will continue to monitor progress in these areas.

Fund Engagement

Engagement outcomes

John Lewis Partnership PLC - Climate - Transition Risk

Purpose:

We engaged John Lewis Partnership PLC, a retail company to understand its current climate strategy, with a particular focus on scope 3 emissions, agricultural supply chains and its approach to decarbonisation.

Outcome:

The engagement provided an update on John Lewis Partnership's approach to decarbonisation, with a particular focus on supply chain emissions, nature and transition planning. We discussed the company's progress against its science-based targets and its approach to supplier engagement, with John Lewis confirming that more than 50% of Scope 3 emissions are now linked to suppliers with Science Based Targets initiative (SBTi)-approved targets. We also explored how programmes such as Farm Metrics and Farming for Nature are being used to improve emissions data, support lower-carbon farming practices and strengthen understanding of emissions across the value chain.

We encouraged the company to continue developing its approach to transition planning and welcomed plans to publish a climate transition plan aligned with Transition Plan Taskforce (TPT) guidance. The discussion also explored the interaction between climate, nature and animal welfare objectives, with the company acknowledging the practical trade-offs involved in delivering its transition strategy.

Market commentary

Market overview

Headlines and markets were dominated by the US and Iran during the past quarter. The disruption to oil supply via the Strait of Hormuz pushed oil prices to levels last seen following the Russian invasion of Ukraine in 2022. Although a ceasefire was announced towards the end of the period, causing prices to ease, these remain above pre-crisis levels.

From a macroeconomic perspective, growth forecasts remain subdued, and inflation remains above central bank target levels. The major change over the quarter was central bank rate expectations. At the start of the period, markets were pricing in multiple hikes in the US, euro zone and UK, but these expectations were tempered as the period progressed – with the changing outlook the key driver of markets over the quarter.

The US Federal Reserve kept rates on hold in both April and June. The June participant projections, however, showed nine out of 18 participants pencilling in a 2026 rate hike alongside upward revisions to the median inflation forecast, although the projections would not have fully reflected the fall in the oil price seen later in the quarter. Kevin Warsh replaced Jerome Powell as chairman of the US Federal Reserve and in June held his first press conference. He avoided giving guidance on the path for interest rates but struck a more hawkish tone than many anticipated.

The European Central Bank (ECB) raised rates by 25bps in June as the inflation impact of higher energy prices showed signs of broadening. Euro area GDP fell 0.2% quarter-on-quarter in Q1, although the fall was exaggerated by GDP volatility in Ireland.

The Bank of England (BoE) kept rates on hold with two members voting for a rate hike. By the end of the quarter, given lower oil prices, markets had lowered expectations of future rate hikes from both the ECB and BoE from levels seen earlier in the quarter.

Government bond markets remained volatile during the second quarter as markets balanced persistent inflation pressures, shifting central bank expectations and ongoing geopolitical uncertainty. However, markets moved away from the sharp repricing seen in the first quarter, with some support returning to duration by quarter end as energy prices retreated, and fears of a prolonged supply shock eased. Yield movements were driven less by expectations of imminent rate cuts and more by concerns that policy rates may need to remain higher for longer. Short-dated bonds experienced the largest swings as markets reassessed monetary policy paths, while longer-dated yields reflected uncertainty around inflation, growth and fiscal borrowing requirements, particularly, in the UK, in view of the potential change of UK prime minister and

policy changes that this might also bring. In the UK, 10-year gilt yields rose above 5% during May before retracing some of those gains, ending June at 4.76%.

The sterling investment grade credit market (iBoxx non-gilt index) returned 2.64% over the period under review. Spreads ended the second quarter at 0.76% (iBoxx), compared to 0.85% (iBoxx) at the end of March.

Outlook

While the easing in US-Iran tensions in June helped reduce near-term pressure on oil prices and inflation expectations, the global macro environment is likely to remain unsettled. In the UK, the combination of softer survey data, fragile confidence and ongoing questions around inflation pass through suggests that growth momentum may remain uneven, even if some inflation data has been more reassuring. We therefore expect swings in government bond interest rate volatility to remain an important driver of returns, with markets continuing to reassess the balance between sticky inflation, slowing growth and the extent to which central banks can ease policy.

Sterling credit enters the third quarter with spreads having retraced some of the widening seen earlier in the year. We continue to view credit spreads compensating for default risk and that all-in yields remain attractive, and therefore expect income to remain an important component of returns in the next quarter, particularly if government bond yield volatility persists. At a portfolio level, we continue to believe attractive risk-adjusted opportunities can be found through selective new issuance, relative-value analysis and bottom-up credit research rather than broad market beta. In this context, diversification, disciplined position sizing and a continued bias towards secured and collateralised debt remain central to managing downside risk. By focusing on bottom-up analysis, we continue to build buy & maintain portfolios that we believe offer attractive risk / return profiles with above-market yields.

We remain confident that active management can continue to add value in sterling credit. Diversification by sector and issuer, secured and collateralised debt, and attractive all-in yields remain key portfolio themes. Credit market commoditisation, including price-insensitive buying by annuity providers, passive funds and maturity-focused investors, can create spread dispersion and relative-value opportunities. We believe this environment should continue to reward detailed credit research, particularly where secured structures, overlooked issuers or less commoditised areas of the market offer additional yield without requiring a disproportionate increase in credit risk. While market-level spreads remain tight, we expect inefficiencies beneath the surface to remain a useful source of portfolio yield and potential excess return.

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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The Index provided by IHS Markit is subject to disclaimer currently available here (and as updated by IHS Markit from time to time): <https://ihsmarkit.com/Legal/disclaimers.html> and/or in the prospectus for the Fund.

Risks and Warnings

General risks

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

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

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

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

Past performance is not a guide to future return.

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

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

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

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

Fixed interest security risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the government's fiscal position, short-term interest rates and international market comparisons. The returns from bonds are fixed as at the time of purchase. Therefore the fixed coupon payable and the final redemption proceeds are known at the outset. This means that if a bond is held until its redemption date, the total return that could be expected is unaltered from its purchase date, subject to counterparty default (see 'Credit risk' below). However, over the life of a bond, the yield priced by the market (as opposed to actual fixed coupons payable) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase price and a profit or loss may be incurred.

Credit risk

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. This fund may invest a percentage of its assets in sub-investment grade bonds. Such bonds have characteristics which may result in higher probability of default than investment grade bonds and therefore higher risk.

Overseas markets risk

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

Derivatives risk for efficient portfolio management

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

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 June 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	2.42	1.37	6.04	25.43	0.88	7.84	0.17
Fund (net)	2.36	1.26	5.81	24.60	(0.23)	7.60	(0.05)

Annualised (%)

Please note that with effect from 1 December 2025 the fund name changed from RLPPC Enhanced Buy and Maintain Credit Fund to RLPPC Climate Aware Buy and Maintain Credit Fund

Year on year performance (%)

	30/06/2025 - 30/06/2026	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022
Fund (gross)	6.04	6.15	11.43	(7.30)	(13.24)
Fund (net)	5.81	5.92	11.18	(7.51)	(13.43)

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. The impact of fees reduces your investment.

Source: RLAM as at 30 June 2026. All figures are mid-price to mid-price for the RLPPC Climate Aware Buy and Maintain Credit Fund I Inc GBP share class.

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.

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.

Redemption yield

The weighted average rate of discount at which the future obligations of interest and capital payments of each of the fund's holdings equates to its current price, gross of relevant fund management costs and gross of tax.

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.