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Royal London Emerging Markets Corporate Bond Fund

Quarterly Investment Report

31 March 2026



Quarterly Report

The fund as at 31 March 2026

The purpose of this report is to provide an update on the Royal London Emerging Markets 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.

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The fund

Fund performance objective and benchmark

The Fund aims to provide a return through a combination of capital growth and income over rolling 3-year periods. The Fund's performance target is to outperform the J.P. Morgan CEMBI Broad Diversified Index (the "Benchmark") over rolling three-year periods. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track it. For non-Base Currency Classes, the Benchmark shall be expressed in the relevant Class currency.

Fund value

	Total \$m
31 March 2026	103.01

Fund analytics

	Fund
Fund launch date	18 April 2023
Fund base currency	USD
Benchmark	J.P. Morgan Corporate Emerging Markets Bond Index Broad (Total Return, USD)
Duration to worst	3.98 years
Redemption yield (FX adjusted) (%)	7.54

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(1.40)	(0.21)	(1.20)
1 Year	6.81	5.93	0.88
Since inception (p.a.)	7.92	7.47	0.45

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 M Acc USD. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 18 April 2023.

Performance commentary

As was the case throughout 2025, the returns in the first quarter of 2026 in the emerging market bond market were driven by the high yield part of the market. High yield bonds outperformed investment grade bonds in each month of the first quarter, even in March after the breakout of the war in the Middle East, with investment grade bonds typically longer duration than high yield. This outperformance from the high yield portion of the market came despite high yield spreads widening more than investment grade, with the outsized move in government bond yields having a greater effect on the market.

In January, there was strong issuance in emerging markets, led by investment grade issuance in Asia. There was a noticeable trend of Asia corporates looking to beat the predicted US hyperscalers coming to the market, as US tech names came to debt markets to help fund the production of new data centres, with Emerging Market names hoping to avoid issuing around similar times. In February, owing to the Chinese New Year, issuance slowed in Asia.

The picture changed in March, with financial markets dominated by the war in the Middle East. Having had a strong start to the year, bond markets gave back all these gains, and then some, in March as markets focussed on the inflationary pulse arising from the increase in oil and gas prices, and the likely actions required by central banks to address this. The pricing of future interest rate moves by all central banks shifted dramatically over the course of the month. Issuance, as a result, all but halted in emerging markets.

Emerging market investment grade bonds lagged in this backdrop in March with high yield bonds feeling slightly less pain but both delivered negative returns. It is important to note, however, that there was no visible forced selling, with investors able to hold onto more liquidity following a light supply month in February.

The sector most hit by the war, was real estate in the Middle East region, particularly Abu Dhabi and Dubai. The fund's underperformance in the quarter came from an overweight position in this sector. As a result, the fund's strategic overweight to Central & Eastern Europe, Middle East & Africa (CEEMEA) was the main driver for the underperformance in the quarter.

We moved overweight the sector prior to the conflict, with a conviction on shortened housing supply in the region on a growing population. We remain comfortable with the position, with the sector continuing to see strong liquidity, but have looked to tactically trade into companies higher up the ratings scale. We feel we are getting appropriately paid for the risk for high quality names.

The fund remains overweight the region, as we continue to believe there are attractive areas to invest in.

Performance and activity

Top 10 holdings

	Weighting (%)
ALPHA STAR HOLDING X LTD 6.125 05 Aug 2029	1.76
TRIDENT ENERGY FINANCE PLC 12.5 30 Nov 2029	1.64
UZAUTO MOTORS AJ 7.375 19 Nov 2030	1.57
IHS HOLDING LTD 8.25 29 Nov 2031	1.50
AZULE ENERGY FINANCE PLC 8.125 23 Jan 2030	1.50
TURK TELEKOMUNIKASYON AS 6.95 07 Oct 2032	1.49
HTA GROUP LTD 7.5 04 Jun 2029	1.49
ITTIHAD INTERNATIONAL INVESTMENT L 7.375 13 Nov 2030	1.48
VALE OVERSEAS LTD 6 25 Feb 2056	1.42
SEPLAT ENERGY PLC 9.125 21 Mar 2030	1.42
Total	15.27

Fund activity

The fund was comfortable with the fundamentals of holdings and specifically from exposure to the US-Iran conflict, and happy to be patient and take advantage of any attractive buying opportunities in fundamentally strong names. Over the quarter, the fund increased its exposure to single B names.

In the oil & gas sector, the strongest performing sector for the fund, we added to favoured position in Trident Energy and Azule Energy, both high yield bonds benefitting from the sharp uptick in energy prices.

The fund continues to remain underweight Asia – as there is better value elsewhere in EM investment grade, with a lack of attractive emerging markets high yield opportunities in the region.

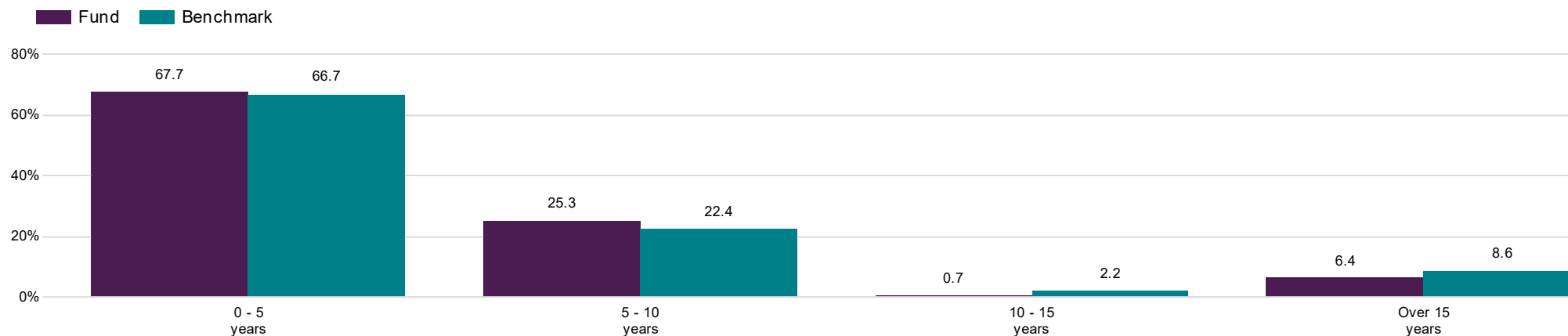
In the telecoms sector, we added Advanced Info Service, a Thai telecoms network with a dominant position in domestic markets.

We also participated in a new issue from First Quantum Minerals, a copper miner benefitting from strong end-markets.

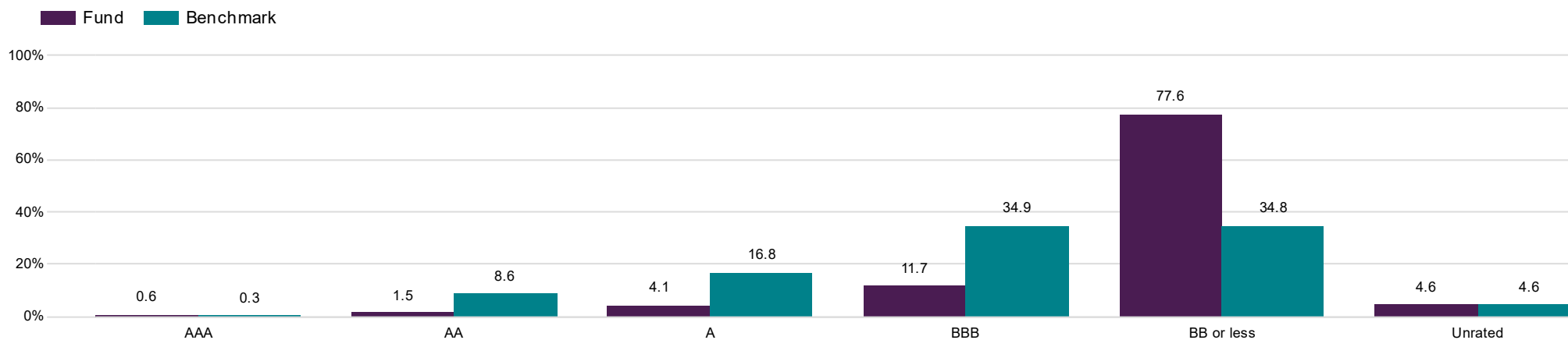
The fund sold out of its position in Brazilian energy firm Raizen. The bond suffered volatility following news of its majority shareholder potentially looking at a corporate restructuring, on top of the Brazilian energy sector still suffering from a fallout Braskem – which the fund did not hold – suffering a downgrade after reported potential cashflow issues.

Fund breakdown

Maturity profile

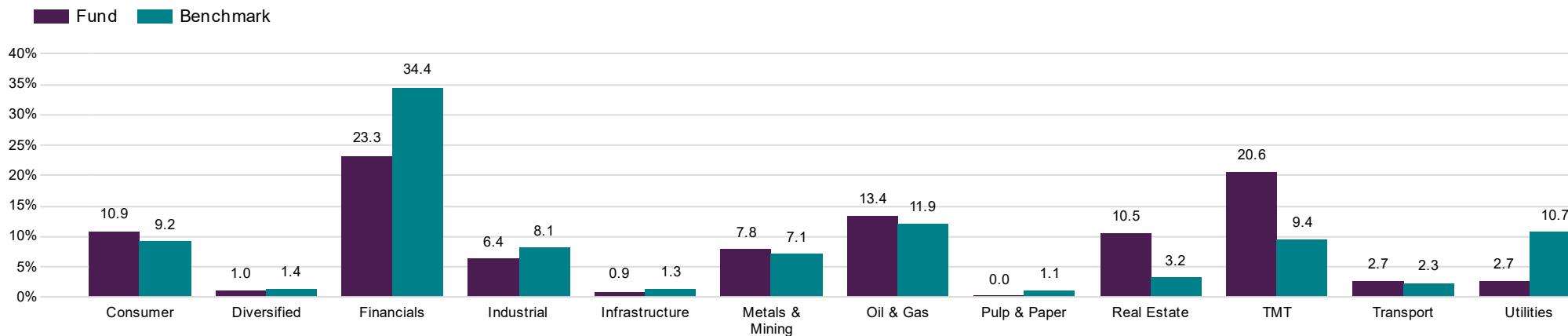


Credit ratings

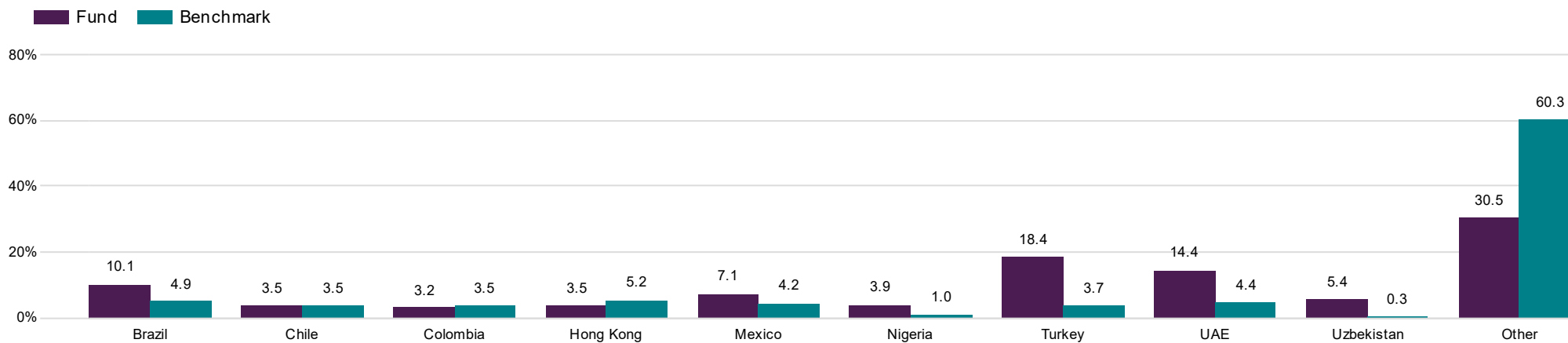


Fund breakdown

Sector breakdown



Geographical breakdown



Market commentary

Market overview

The first quarter of 2026 was dominated by a sudden regime shift as geopolitics moved to the centre of the macro picture. Escalating tensions in the Gulf region came to a head in late February with the US-Israel offensive against Iran. The escalation added an additional layer of uncertainty and triggered concerns over oil and gas supplies, energy prices and near-term inflation risks. Brent crude hit more than 118 US dollars per barrel at the end of March as supply through the Strait of Hormuz was restricted and gas prices also surged, leading to a quickly deteriorating risk sentiment.

In the US, the spike in oil prices was a headwind, but the economy's energy sensitivity proved lower than in past shocks and the US benefits from being a major producer, helping US equities show relative resilience even as the quarter ended weakly. Investors also had to digest policy uncertainty after legal constraints changed the scope for tariffs announced in April 2025 and new tariff proposals reintroduced volatility, complicating the outlook for inflation and limiting the Federal Reserve's room to cut rates. Markets weighed the risk of a prolonged energy shock elevating recession likelihood later in 2026, even if the base case remained for a modest growth hit and higher near-term inflation.

As a net importer and more exposed to gas prices, the eurozone faced a tougher growth-inflation trade-off, even as incoming data still pointed to modest expansion and easing headline inflation. The ECB kept its policy unchanged with the deposit rate at 2%, but the broader oil and gas price shock pushed markets to reassess the path of European rates.

Government bond markets bore the brunt of the repricing. Front end yields jumped, and curves reset higher as investors moved from expecting rate cuts to pricing fewer cuts, or even hikes, with higher energy costs seen as an inflationary impulse that central banks could not ignore. Moves in short-dated yields were especially pronounced as markets tried to map the oil shock into policy reaction functions, while longer dated yields also swung as markets attempted to price the risks of any or all of higher inflation, lower growth and even potentially larger government borrowing.

UK 10-year gilt yields shot up to 4.92%, up from 4.48% at the end of December and surpassing their highest levels seen last year (4.89% in January 2025). In the US, 10-year treasury yields rose to 4.31% in March from 4.14% at the end of December. The German 10-year bund yield was 2.98% at the end of the first quarter, rising from 2.82% three months prior.

In the high yield market, the ICE BofAML (BB-B) Global Non-Financial High Yield Index (sterling hedged) benchmark returned -0.46% in the first quarter with spreads ending the three-month period at 297bps, widening from 245bps at the start of the quarter. At the end of the period, the index's yield-to-worst stood at 7.29%, up over the quarter. In the broader-based high yield index, which includes CCC rated bonds, widened to 358bps from 304bps.

Economic overview

In the run up to the conflict in Iran, business surveys looked consistent with most major economies seeing modest growth in the first quarter while job growth indicators remained relatively soft. Inflation was running above target in the US, UK and Japan, but was at target in the euro area. However, onset of the Iran conflict in March is expected to increase inflation and weigh on global activity. This was reflected in the composite PMI data in March, which deteriorated in most economies (albeit continuing to point to modest growth), and signalling lengthening delivery times (as the conflict hit supply chains) and sharp increases in supplier input prices.

The US fourth quarter GDP (released in the first quarter) slowed to only 0.7% (quarter-on-quarter annualised), although this was largely due to the disruption caused by the government shutdown (which did not end until mid-November). However, activity appeared stronger by the turn of the year. The composite PMI and ISM surveys pointed to modest activity growth in January and February. However, the March composite PMI deteriorated from 52.3 to 50.3 as the conflict began to weigh on business activity. Inflation continued to run above target with PCE inflation at 2.8% year-on-year in the January data and core PCE inflation rose to 3.1% year-on-year. February CPI inflation came in at 2.4% year-on-year. March business surveys signalled increasing energy costs were starting to feed through strongly into input prices for producers.

The US Federal Reserve kept rates on hold in both January and March. The March participant projections continued to indicate a median expectation of one cut in 2026 and another in 2027, despite higher oil prices, but both 2026 and 2027 median GDP growth and inflation forecasts rose, the former reflecting productivity according to Fed Chair Jerome Powell. Fed independence issues came to the fore again in January with the Department of Justice serving the Fed with subpoenas, although later blocked by a federal judge. US President Donald Trump announced that Kevin Warsh would succeed Powell, whose term ends this year. On trade, as was anticipated by many, the Supreme Court rejected that the International Emergency Economic Powers Act (IEEPA) authorised President Trump's use of tariffs. Trump swiftly followed that ruling with the announcement of a (time-limited) 15% global tariff (though an increase of only 10% was processed).

Market commentary

As expected, in the euro area the European Central Bank (ECB) kept rates steady at both February and March meetings. Following the onset of the conflict, ECB President Christine Lagarde noted that “war in the Middle East has made the outlook significantly more uncertain, creating upside risk for inflation and downside risks for economic growth”. Lagarde said the central bank was “well positioned” to deal with the shock. Commentary from policymakers over the month suggested that a rate hike would at least be discussed in April.

Euro area GDP held up well in Q4, growing 0.2% quarter-on-quarter. The composite PMI business survey measure signalled modest growth in January and February, but fell from 51.9 to 50.5 in March. Headline inflation fell marginally below target in January and February, but rose sharply to 2.5% in March as higher fuel costs started to feed through.

Outlook

Global geopolitical and macroeconomic uncertainties have impacted emerging market corporate credit yields creating attractive opportunities for those prepared to look carefully. The tensions in the Middle East continue and volatility in oil prices could see weakness in some of the higher cost producing energy names in emerging markets.

We are also in a very moderate default climate up to now. Emerging market corporate default rates are very low. While companies are relatively comfortable with the strength of their balance sheets, primary markets going forward will be monitored if any future uncertainty or risk off environment keeps primary markets closed for a sustained period.

The main catalyst for volatility in emerging markets could be policy trajectory from the Trump administration. We continue to monitor tariff impacts, inflation expectations, future Federal Reserve governance and US dollar strength.

We are happy for the fund to remain overweight high yield versus investment grade, with geopolitical instability leading to US treasuries seeing heightened volatility, gives us further confidence in our preference for high yield names.

Emerging market bonds remain attractive in this backdrop as the asset class offers investors an opportunity to invest away from the volatility seen, to focus on investing in economies that are not dependent on importing energy.

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.

Disclaimers

Important information

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Notice for UK Investors

The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

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.

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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.

EPM techniques risk

The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

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.

Liquidity risk

In difficult market conditions the value of certain fund investments may be difficult to value and harder to sell, or sell at a fair price, resulting in unpredictable falls in the value of your holding.

Emerging markets risk

Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

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.

Performance to 31 March 2026

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
Fund (gross)	(1.40)	(0.39)	6.81	-	25.26	-	7.92
Fund (net)	(1.60)	(0.79)	5.95	-	22.30	-	7.05

Year on year performance (%)

	31/03/2025 - 31/03/2026	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022
Fund (gross)	6.81	8.63	-	-	-
Fund (net)	5.95	7.76	-	-	-

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 31 March 2026. All figures are mid-price to mid-price for the Royal London Emerging Markets Corporate Bond Fund M Acc USD share class. Since inception date 18 April 2023.

Glossary

Bonds

Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest. Corporate bonds are those issued by companies to raise finance.

Credit ratings

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

Currency hedged share classes

Currency Hedged Share Classes aim to provide investors with a return highly correlated to the return of the base currency share class by minimising the impact of exchange rate fluctuations between the base currency of the Fund and the investor's chosen currency. Derivatives are typically used to hedge the relevant share classes.

Derivatives

A financial instrument whose price is dependent upon or derived from one or more underlying asset.

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.

Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

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.

Maturity Profile

Maturity classifications reflect issue maturity date, not market interpretation of redemptions

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.

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 excluding cash, in each case calculated to the point in time at which each is expected to redeem, equates to its current price, gross of relevant fund management costs and gross of tax. For funds that are sold in various hedged currency share classes, yield is adjusted to reflect the impact of FX hedging and excludes the impact of cash.

Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.