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Royal London Multi-Asset Credit 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 Multi-Asset 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.

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The fund

Fund performance objective and benchmark

The investment objective of the Fund is to generate a total return from a globally diversified portfolio of credit instruments. The Fund will seek to outperform its benchmark, the sterling overnight index average (SONIA) by 4-6% per annum over rolling three year periods (gross of fees).

Fund value

| | Total £m |
|---------------|----------|
| 31 March 2026 | 630.60 |

Asset allocation

| | Fund (%) |
|-----------------|----------|
| ABS | 5.19 |
| Conventional HY | 9.54 |
| IG | 14.63 |
| Loans | 23.56 |
| RoW | 6.83 |
| Secured | 26.97 |
| Short Dated HY | 13.29 |

Fund analytics

| | Fund |
|------------------------------------|--|
| Fund launch date | 3 July 2017 |
| Fund base currency | GBP |
| Benchmark | Sterling Overnight Index Average (SONIA) |
| Duration to worst | 2.32 years |
| Redemption yield (FX adjusted) (%) | 7.76 |

Performance and activity

Performance

| | Fund (%) | Benchmark (%) | Relative (%) |
|------------------------|----------|---------------|--------------|
| Quarter | (0.69) | 0.91 | (1.59) |
| 1 Year | 5.45 | 4.01 | 1.44 |
| 3 Years (p.a.) | 7.34 | 4.62 | 2.72 |
| 5 Years (p.a.) | 3.90 | 3.23 | 0.67 |
| Since inception (p.a.) | 4.05 | 2.13 | 1.92 |

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. 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 Z Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 9 October 2017.

Performance commentary

The fund underperformed its cash benchmark in the quarter, with a volatile March wiping out all of the gains seen by the high yield market in the first two months of the year.

The first two months of the year were not quiet, but the quarter was overshadowed by events in March. Prior to the escalating conflict in Iran, January saw the US remove the president of Venezuela, President Trump double down on his intention for the US to annex Greenland, (not ruling out the use military force if necessary, and impose punitive tariffs on those European nations that objected), and, initially, threaten to take direct action on Iran should they crack down on domestic protests by Iranian citizens against the incumbent regime.

Given the potential magnitude of these, the reaction by debt markets was fairly sanguine, with seemingly a fair degree of scepticism on the voracity of these threats by Trump - the 'TACO' (Trump Always Chickens Out) mantra being the overriding theme. US treasury yields actually rose over the course of January, with the market preferring to focus on macroeconomic data and Fed-speak, indicating that further rate cuts in 2026 are not a done deal. Despite the developments in Venezuela, with its large oil reserves, oil prices appreciated significantly over January, along with natural gas prices, which saw a boost given to shorter dated inflation breakeven levels globally.

Following this, the big news out of the US during February was the decision by the US Supreme Court to block many of the import taxes (tariffs) imposed by Trump, ruling that he had overstepped his powers in imposing them in the first place. This, potentially, opened the door to billions of dollars in tariff refunds, though there are many hurdles in place to prevent this happening in the short term. The market took a reasonable sanguine view of this news, aided by Trump immediately imposing 10% (later increased to 15%) tariffs across the board, under a different piece of legislation.

Despite this backdrop, the high yield market saw positive returns with the fund also producing positive returns. Spread widened in February, however, as the market began to pay attention to a brewing conflict between the US and Iran.

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.

Performance and activity

Performance commentary (continued)

Global high yield markets faced an increasingly challenging backdrop as risk sentiment deteriorated. As expectations for rate cuts were pushed further out, higher government bond yields weighed on returns and contributed to wider credit spreads. Market activity became increasingly headline-driven, with periods of volatility punctuated by brief rallies on signs of potential deescalation.

Investors grew more cautious, favouring higher quality and the more liquid parts of the market, while dispersion increased and risk appetite became more selective despite primary markets remaining open for stronger issuers.

Default rates stayed exceptionally low, and companies generally managed cost pressures effectively, helping to sustain investor confidence. Overall, the asset class remained anchored by stable fundamentals, allowing it to absorb external uncertainties with limited disruption. The global high yield default rate inched above 2.0% in March, moving above 2.0% for the first time since August 2024.

By sector, the fund's capital goods and technology & services holdings were negative for performance, with this partially offset by our energy holdings. Our single B names detracted, as did our investment grade and secured bond holdings. Our CLO and short-dated high yield bonds contributed to performance.

In the first quarter, global leveraged loans delivered -53bps (in GBP terms), while European leveraged loans were down -39bps. The first quarter was marked by several bouts of volatility. Initially the market opened strong in January with new loan issuance and refinancing trends continuing from late 2025.

However, as the quarter progressed the chemicals sector encountered growth and capacity concerns but this quickly rebounded during the second half of the period. The tone in European chemicals also changed as geopolitical risks increased, potentially impacting near to medium term supply and capacity. As a result, chemicals performed reasonably well during the first quarter.

The other sector which encountered significant pressure was the software sector, on the back of AI growth and investor concern regarding software business models, valuations and substitution risk. Software loans declined in the US followed shortly by European software credits. During the quarter, we did see selective loans rebound as investors sought to differentiate credits within the sector. The sector does remain under pressure, however. Even though average loan prices were down in the first quarter, higher quality credits held up very well on the back of flight to quality and also strong technical demand from CLOs.

Investor concerns have extended to refinancing risk particularly for lower rated companies and maturities which are coming up over the course of 2027 and 2028. That said, companies have so far been proactive in refinancing and pockets of strength in the market have enabled companies to tap the credit markets to extend maturities. Defaults remain low for the time being.

Performance and activity

Fund activity

High yield issuance remained open in March despite heightened volatility, with primary activity skewed towards higher-quality and well-known issuers as investors became more selective. While overall volumes moderated amid geopolitical uncertainty and higher rates, deals that came to market were generally well supported, particularly where use of proceeds was clearly articulated and structures were conservative.

The US high yield market saw \$25.5bn issued with new issuance skewed to higher quality with BB accounting for almost 60% of all issuance in US high yield, while the global high yield market saw \$35.7bn issued. A notable transaction during the period was Electronic Arts' (EA) long-awaited leveraged buy out (LBO). This was the largest LBO in history with over \$15bn issued across loans and bonds. The deal saw strong demand and highlighted investors' continued willingness to engage even as broader market sentiment remained cautious and headline-driven.

While potentially strained values in the AI sector were causing negative sentiment in investment grade bond and equity markets, the US tech sector makes up a small part of the high yield market. Despite this, contagion risk continues to exist.

As such, names further down the capital stack came under pressure but this began to reverse on the outbreak of the US-Iran conflict with BB assets underperforming single B assets due to their longer duration.

Over the first quarter, the fund's asset composition was broadly unchanged. By allocation, the fund slightly reduced exposure to short-dated high yield bonds with this being rotated into secured and longer dated high yield bonds.

During the quarter, the fund gradually increased its defensive characteristics by adding higher quality high yield bonds and participating in new issues with cleaner capital structures and therefore lower refinancing risks.

The fund's major change was rotating out of tighter spread and certain lower rated credits into higher rated investment grade bonds. This included a combination of US dollar and sterling investment grade corporate bonds. The aim was to reduce credit risk while adding some duration in higher quality credit as we navigate through this volatility.

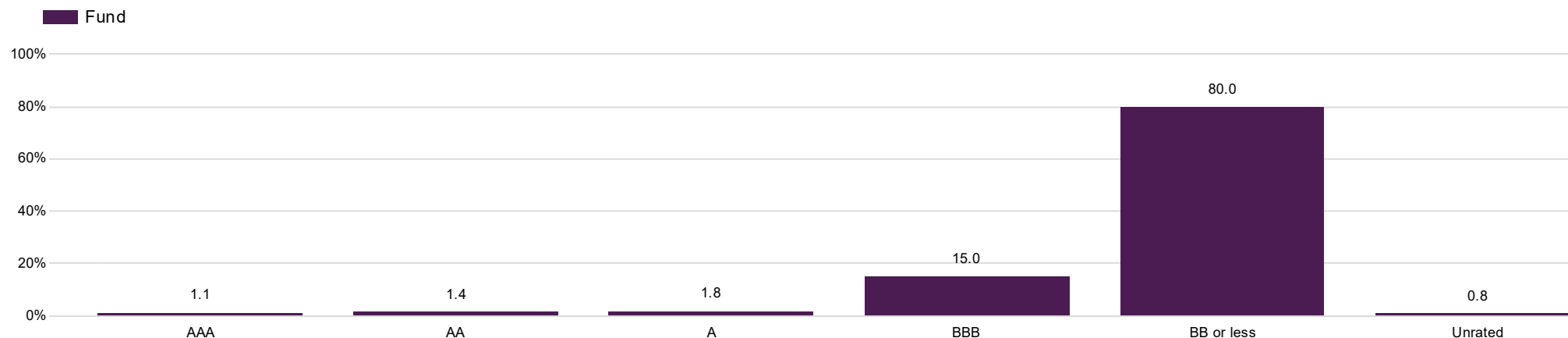
European CLOs had a strong 2025 with CLO issuance towards market peaks. The first quarter also commenced on a strong note despite the concerns around the chemicals and software sectors with spreads tightening across the CLO tranches.

However, as these concerns accelerated and geopolitical risks increased materially, the CLO market did experience a temporary slow down, with issuance declining and spreads widening across the stack.

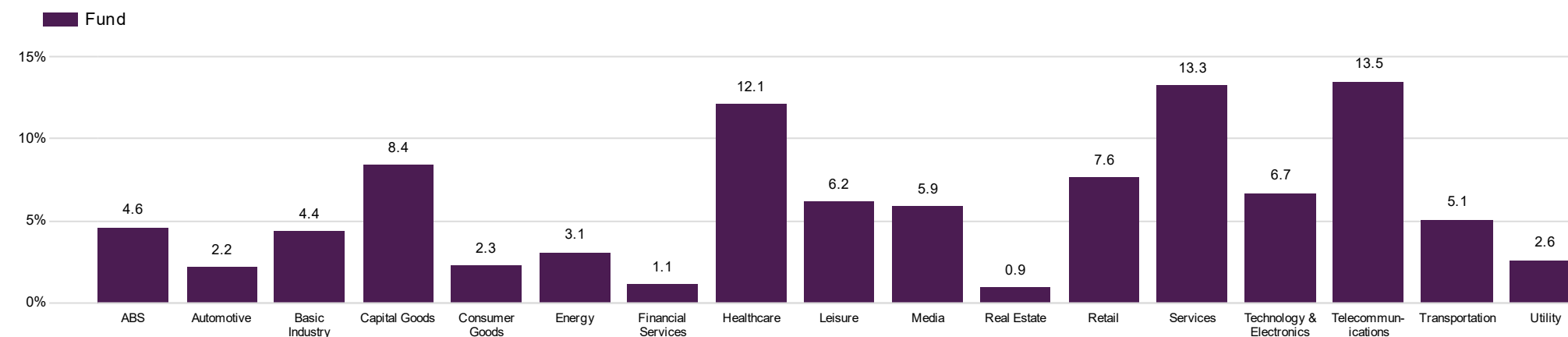
There was differentiation across managers and based on the quality of the underlying portfolios. Despite the market volatility and the slowdown in new CLO issuances, CLOs have held up reasonably well. Lower mezzanine spreads widened more than AAAs as credit concerns increased but the market was generally quite orderly and held up well.

Fund breakdown

Credit ratings

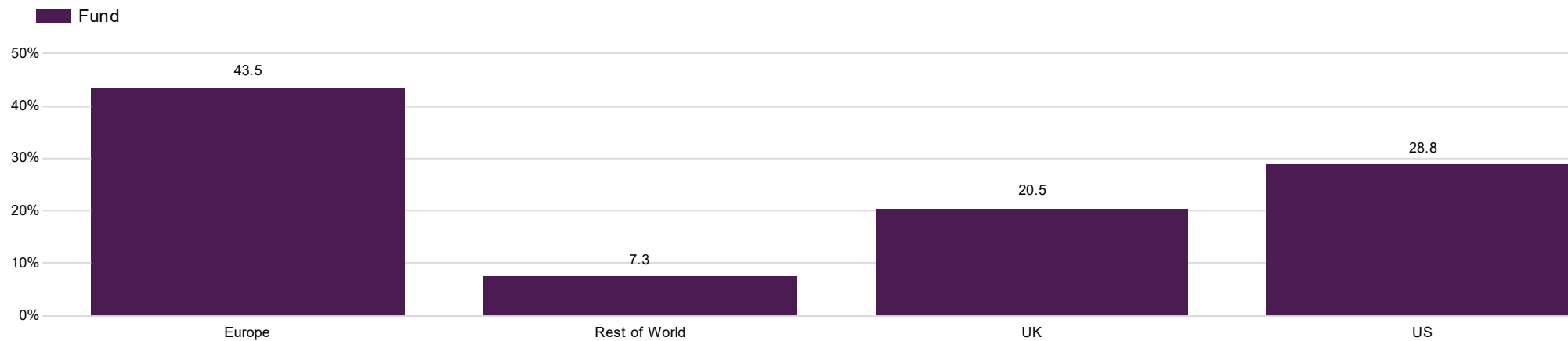


Sector breakdown



Fund breakdown

Regional weights



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

High yield fundamentals are well supported and that has resulted in a very moderate default climate up to now. Current US high yield default rates are very low, as are global high yield defaults.

An interesting development from the first quarter was attention turning to the White House's nomination of former Fed Governor Kevin Warsh to succeed Jerome Powell as Chair. The nomination - and the confirmation timetable – has kept the question of Fed independence in focus, with markets alert to how a potential change in leadership could influence communications and, ultimately, the expected path of policy rates.

A factor we are keeping an eye on is the politicisation of monetary policy in the US, and how any resulting knock on the influence or institutional reputation of the Federal Reserve could impact issuance. Trump continues to try and exert political influence and looks set to push for Powell's replacement to be supportive of White House views. A diminished Fed or weakened Governor could see a dramatic shift in future interest rate expectations. The resultant volatility from such a shift could lead to increased volatility in high yield markets.

While global geopolitical and macroeconomic uncertainties are affecting global government bond markets in different ways, and despite where credit markets have reached in spreads, we believe that global high yield markets still offer attractive sources of value for those prepared to look carefully.

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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The Fund is a sub-fund of Royal London Asset Management Investment Funds ICAV, an Irish collective asset-management vehicle authorised by the Central Bank of Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and the AIFM Regulations, and has been established as an umbrella fund with segregated liability between Funds.

It is not 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.

For more information on the Fund or the risks of investing, please refer to the Prospectus available via the relevant Fund Information page on www.rlam.com.

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

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Risks and Warnings

Investment risk

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

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.

Derivative risk

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.

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.

Exchange rate risk

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.

Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Leverage risk

The Fund employs leverage with the aim of increasing the Fund's returns or yield, however it also increases costs and its risk to capital. In adverse market conditions the Fund's losses can be magnified significantly.

Performance to 31 March 2026

Cumulative (%)

Annualised (%)

| | 3 Month | 6 Month | 1 Year | 3 Years | 5 Years | 3 Years (p.a.) | 5 Years (p.a.) |
|---------------------|---------|---------|--------|---------|---------|----------------|----------------|
| Fund (gross) | (0.69) | 0.74 | 5.45 | 23.69 | 21.08 | 7.34 | 3.90 |
| Fund (net) | (0.70) | 0.70 | 5.38 | 23.44 | 20.66 | 7.26 | 3.83 |

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) | 5.45 | 7.86 | 8.75 | (4.39) | 2.38 |
| Fund (net) | 5.38 | 7.79 | 8.67 | (4.46) | 2.31 |

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 Multi-Asset Credit Fund Z Inc GBP share class.

Glossary

ABS

Asset Allocation - Asset Backed Securities (ABS) include Asset Backed Bonds and Collateralised Loan Obligation (CLOs).

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.

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.

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.

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.

RoW

Regional Breakdown - Rest of World (RoW) includes all non-North America, non-Europe and non-UK holdings, which includes emerging market debt as shown in asset class positioning.