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# **RLPPC UK 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 RLPPC UK 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

To outperform its benchmark by 0.50% per annum net of fees (on a rolling three year basis). The RLPPC UK Corporate Bond Fund invests predominantly in 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 iBoxx Sterling non-Gilt all maturities index is considered an appropriate benchmark for performance comparison.

## Fund value

	Total £m
31 March 2026	138.33

## Asset allocation

	Fund (%)	Benchmark (%)
Conventional credit bonds	99.40	99.40
Index linked credit bonds	0.52	-
Conventional foreign sovereigns	0.08	0.60

## Fund analytics

	Fund	Benchmark
Fund launch date	31 May 2000	
Fund base currency	GBP	
Benchmark	iBoxx £ Non-Gilts (Total Return, GBP)	
Duration (years)	5.50	5.25
Redemption yield (%)	6.20	5.53
Number of holdings	438	1,222
Number of issuers	259	477

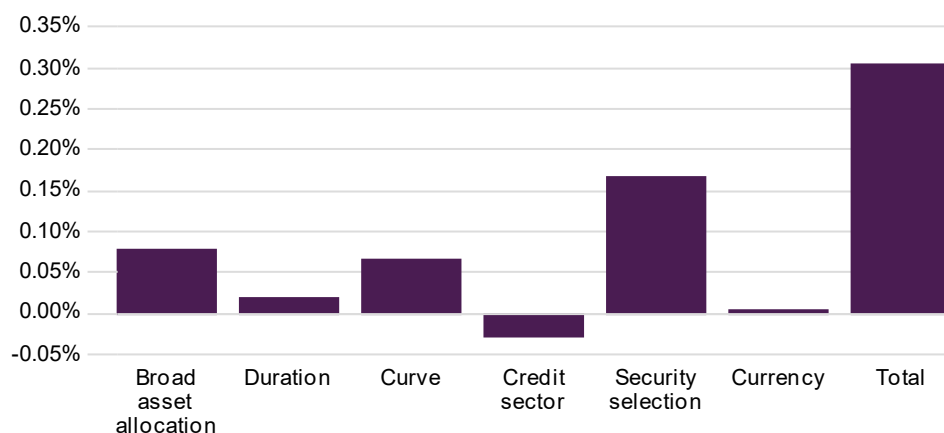
# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(1.28)	(1.62)	0.34
1 Year	5.73	4.43	1.30
3 Years (p.a.)	6.33	4.29	2.04
5 Years (p.a.)	1.13	(0.69)	1.82
10 Years (p.a.)	3.52	1.86	1.66
Since inception (p.a.)	5.89	4.50	1.39

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 A Acc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 31 May 2000.

## Attribution over the quarter



## Performance commentary

The first quarter saw negative returns from sterling credit investment grade markets (iBoxx). Against this, the fund outperformed the index.

Our duration stance had little impact on relative performance over the quarter. This stance was driven by bottom-up credit selection, which has led us to have a greater exposure to medium-dated bonds, rather than an outright macro-driven stance. At the same time, that bias towards medium-dated bonds was helpful over the quarter as the short-dated part of the market performed poorly due to weakness in underlying gilts, which moved to reprice Bank of England interest rate expectations.

The combination of stock and sector selection was positive over the quarter, driven primarily by the former. Sector selection was broadly neutral, with the positive impact of our bias towards structured bonds offset by the negative impact of our underweight in supranationals. Stock selection positive effects were centred in our structured bond exposure. Many of these bonds had rallied less than other sectors in 2025, but more importantly, with the increase in uncertainty generally, the greater confidence around cashflows and payment of coupons and principal from these bonds becomes more attractive. Key holdings such as Telereal (backed by BT telephone exchanges), UPP (student accommodation), Heathrow (airport services) Metrocentre and Trafford Centre (shopping centres) all therefore saw positive returns in a quarter where most bonds saw negative returns.

# Performance and activity

## Top 10 holdings

	Weighting (%)
WSTSTR_2 1.642 04 Aug 2026	1.06
HSBC BANK FUNDING STERLING LP 5.844 31 Dec 2079	1.05
M&G PLC 6.34 19 Dec 2063	1.04
ELECTRICITE DE FRANCE SA 6 23 Jan 2114	1.03
AVIVA PLC 6.875 20 May 2058	1.02
ASPR_06 4.674 31 Mar 2040	1.01
BPCE SA 5.25 31 Jul 2032	1.00
HSBC HOLDINGS PLC 8.201 16 Nov 2034	0.99
TESCO PROPERTY FINANCE 5 PLC 5.6611 13 Oct 2041	0.87
LLOYDS BANKING GROUP PLC 2.707 03 Dec 2035	0.74
<b>Total</b>	<b>9.81</b>

## Fund activity

New issue activity is typically high in the first quarter of the year, with this one no exception, despite the pace of overall issuance falling sharply in March. We continued to find attractive opportunities across the market – both in established, larger sectors such as financials, areas that we have historically favoured such as structured bonds, and newer areas that add diversification in terms of sector and underlying currency.

Banks and financials remain one of the largest parts of the index. Our portfolios have a long-standing high level of exposure to the sector as we believe that credit spreads looked attractive for the risk taken. At the margin, we have been happy to allow exposure to the sector to fall modestly as holdings mature, but we also continue to be active in this area. Examples over the quarter included senior bonds from Danske Bank and BPCE, as well as subordinated bonds from Investec and Credit Agricole. We also added AT1 bonds – these lower down in the capital structure but offering a higher yield, including UBS and UK specialist bank Paragon.

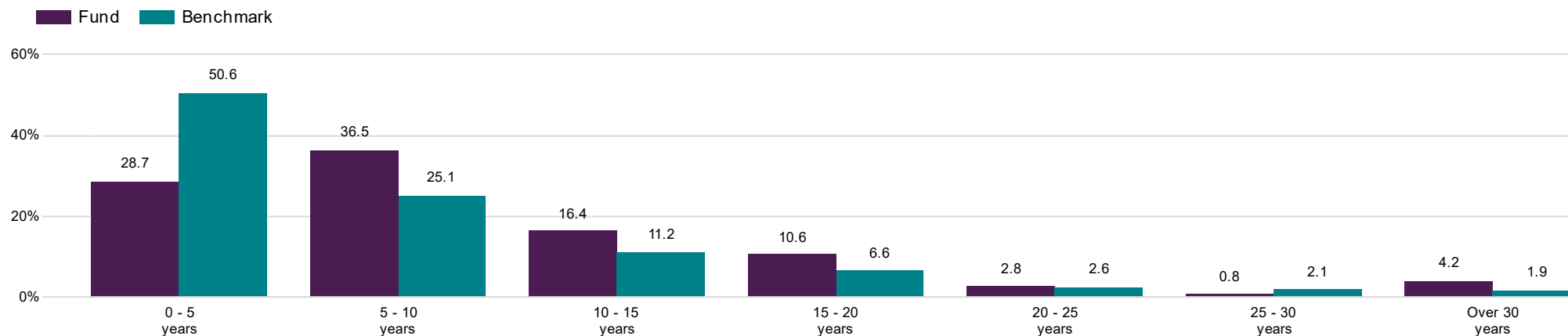
We also added selectively to new issues in the insurance sector, again taking a selective approach to both issuer and capital structure. We added GICS (Guaranteed Investment Contracts) bonds from New York Life and Pacific Life. These bonds are ranked alongside policyholders, therefore offering lower risk than other parts of the capital structure.

Technology and the growth in AI has been the trend of note in the past few years. One significant change in recent months has been US hyperscalers looking beyond the US dollar market to raise capital. We added new issues of 100-year and six-year bonds from Google parent company Alphabet at an attractive spread, also adding 40-year bonds from Oracle.

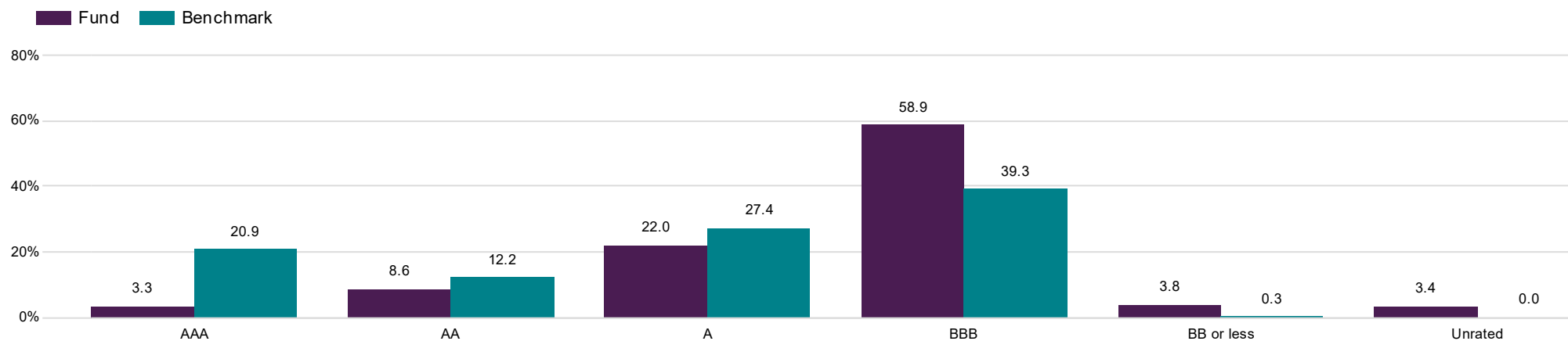
Structured bonds remain a key element in our portfolios. We believe that the market continues to overlook these attractive issues that give investors greater certainty over cashflows and a higher yield. During the quarter we added an AAA rated new issue from Sirius – backed by a portfolio of UK logistics assets at a material spread premium to the market with a floating rate structure that helps manage overall interest rate risk. We also added a new issue from Telereal – backed by BT telephone exchange rental income – whose bonds offered an attractive above-market spread, with the issuer also redeeming some existing holdings at a premium to market pricing. Other new issue activity included the real estate sector, notably Akelius Residential and Hemso Fastighets. Akelius owns and manages metropolitan apartments in a number of European cities, while Hemso is a largely publicly owned Swedish organisation that owns properties for public use – such as nursing homes, education and healthcare – in Sweden, Germany and Finland. Finally, we added hybrid bonds from Italian utility provider Enel, French oil company Total, US clean energy provider Nextera and US telecoms giant Verizon – all at attractive yield premia to the market.

# Fund breakdown

## Maturity profile

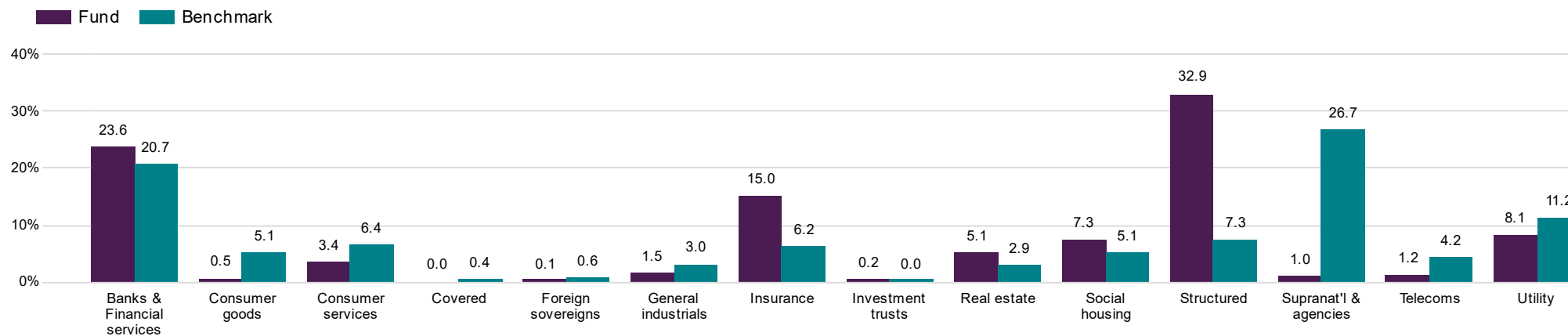


## Credit ratings



# 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	15	39
Number of engagements	19	92

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



<b>Biodiversity</b>	<b>1</b>	<b>Technology, Innovation &amp; Society</b>	<b>5</b>
<b>Climate</b>	<b>6</b>	Technology & Society	3
Climate - Transition Risk	5	Cybersecurity	2
Climate - Physical Risk	1		
<b>Governance</b>	<b>6</b>		
Corporate Governance	3		
Board	2		
Strategy	1		
<b>Social &amp; Financial Inclusion</b>	<b>5</b>		
Just transition	5		

## 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 – Just Transition

#### Purpose:

We engaged with Barclays PLC, a UK-listed bank, to gain clarity on how social dimensions, such as workforce impact and community vitality are being reflected in its climate transition planning.

#### Outcome:

Barclays now recognises the importance of just transition and has begun embedding social factors into its internal frameworks and sector strategies. While specific tools are still emerging, the bank has shared early examples of social considerations being incorporated into new product frameworks and just transition is a component of its Transition Finance Framework, e.g., targeted support to ensure that impacted communities benefit from the low-carbon energy transition. Barclays acknowledged that more consistent, measurable application of these principles is required across its business.

### HSBC Holdings PLC – Just Transition

#### Purpose:

We engaged HSBC Holdings PLC, a UK-listed bank, to understand how it integrates social considerations into its climate transition strategy, including impacts on workers, communities, and regional economies.

#### Outcome:

HSBC now formally acknowledges the importance of a just transition and has taken initial steps to embed it into its strategy, such as updating internal governance and including social factors in its sector and regional engagement frameworks. While no single 'best-in-class' mechanism has emerged, the bank's development of inclusive product design and regional support for small and medium sized businesses demonstrates clear progress. Further work is needed to ensure these commitments are consistently applied across its financing activities.

### Lloyds Banking Group PLC – Just Transition

#### Purpose:

Lloyds Banking Group PLC, a UK-listed bank, was engaged to explore how it is considering social risks, such as community resilience and customer inclusivity, as it transitions to a low-carbon economy.

#### Outcome:

Lloyds has begun integrating just transition principles into its climate strategy, highlighted through early implementation of region- and sector-focused lending criteria that reflect social and customer considerations. Through its lending to Community Development Financial Institutions, Lloyds demonstrates core just transition principles, fairness, inclusion and place-based support, within its community lending activity. Through our engagement, Lloyds has demonstrated meaningful improvements in product design and regional support initiatives. It acknowledges the need to further align these efforts across all financing activities.

### NatWest Group PLC – Just Transition

#### Purpose:

NatWest Group PLC, a UK-listed bank, was engaged to explore how it considers the broader social impact, on workers and regions, when providing finance to clients through its transition strategy.

#### Outcome:

NatWest formally recognises the need for a just transition approach in its climate planning and has taken initial steps to reflect social aspects in lending and client engagement strategies. In particular, its Human Rights Report, an early version of which RLAM provided feedback on, demonstrates how financial institutions can align climate strategy with human rights principles. The bank illustrated improvements such as regional analysis and product design aligned with just transition goals. We will monitor how these considerations are scaled.

# Fund Engagement

## Engagement outcomes

### Tesco PLC – Human Rights

#### Purpose:

Tesco PLC, a UK food retailer, was engaged to discuss how it identifies and manages human rights risks in its food and agricultural supply chains. The discussion focused on how the company assesses risk across different products and geographies, oversees suppliers, and addresses issues related to migrant workers, land rights and higher-risk supply chains.

#### Outcome:

Tesco described how it assesses and prioritises human rights risks across its supply chain using multiple lenses, including geography, product risk and workforce vulnerability, focusing action on higher-risk products where leverage is greatest. Recent progress includes strengthened supplier oversight, initiatives to improve worker transport safety, and supplier capability-building to support more effective prevention and remediation of human rights risks.

It also acknowledged ongoing challenges, particularly in relation to migrant workers and the need for collaboration across industry and with policymakers to address structural risks. Tesco indicated it will consider enhancing its public disclosures, including on land-use risks, and we agreed to continue engagement to monitor progress and encourage further improvements.

# 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 105 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 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.

In the UK, the macro backdrop was similarly shaped by the energy price shock, but equities proved comparatively more defensive than some global peers, echoing patterns seen in prior commodity-driven events.

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).

The sterling investment grade credit market (iBoxx non-gilt index) returned -1.62% over the period under review. Spreads ended the quarter at 0.85% (iBoxx), compared to 0.77% (iBoxx) at the end of 2025. Sector returns were negative across the board, with more defensive areas such as covered bonds and supranationals less affected than areas with longer duration such as consumer services, telecoms and utilities.

## Outlook

The ongoing global macro environment remained unsettled in the first quarter. Geopolitical risks, fiscal uncertainty and divergence in global monetary policy drove volatility in both nominal and real yields. More specifically the recent escalation in tensions around Iran, add an additional layer of uncertainty to the inflation and growth outlook. While the immediate market focus tends to be on energy prices and near-term inflation risks, history suggests that prolonged geopolitical shocks are ultimately negative for global growth as higher input costs, tighter financial conditions and weaker confidence begin to bite. In this scenario, inflation may prove stickier than central banks would like, even as growth momentum fades. The combination likely points to falling real yields over time, reinforcing the case for duration. Looking at our sterling credit strategy, this is a bias towards a long duration stance, rather than a meaningful use of risk budget.

Sterling credit markets modestly outperformed gilts during the first quarter, helped by shorter duration and the higher income. Spreads remain relatively tight compared to the past two decades, but as we pointed out at the start of the year, when looking at a company level, defaults are low, company balance sheets are generally healthy, and investors continue to look for yield. At a fundamental level, we still believe that credit spreads over-compensate investors for default risk, and that the all-in yield on sterling credit remains attractive. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies. By focusing on bottom-up analysis, we continue to build overall portfolios that we believe offer attractive risk / return profiles with above-market yields.

While near-term absolute performance is likely to be heavily influenced by movements in the yields of underlying government bond markets, we expect relative performance to continue to be meaningfully influenced by the comparative exposure to supranational bonds and to more economically sensitive or cyclical industrial and consumer sectors. However, we believe that continued emphasis on diversification and our bias towards secured and collateralised debt to help mitigate default risk, as well as our focus on income, will continue to support returns as has been the case through the present environment of volatile yields.

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

## Further Information

Please click on the links below for further information:



### 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](http://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 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.

# 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.)
<b>Fund (gross)</b>	(1.28)	1.35	5.73	20.24	5.77	6.33	1.13
<b>Fund (net)</b>	(1.36)	1.19	5.39	19.05	4.03	5.98	0.79

## 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
<b>Fund (gross)</b>	5.73	4.32	9.00	(9.63)	(2.67)
<b>Fund (net)</b>	5.39	3.98	8.64	(9.92)	(2.99)

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 RLPPC UK 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.

## 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.

## 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.