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RLPPC UK Long 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 Long Corporate Bond Fund. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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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 Long Corporate Bond Fund invests predominantly in long-dated sterling credit bonds, including unrated bonds and sub-investment grade bonds. The fund may also invest in UK government bonds and non-sterling bonds. The Markit iBoxx GBP Non-Gilts Over 15 Years index is considered an appropriate benchmark for performance comparison.

Fund value

	Total £m
31 March 2026	49.59

Asset allocation

	Fund (%)	Benchmark (%)
Conventional credit bonds	96.33	98.75
Conventional gilts	2.63	-
Conventional foreign sovereigns	1.03	1.25

Fund analytics

	Fund	Benchmark
Fund launch date	30 April 2003	
Fund base currency	GBP	
Benchmark	Markit iBoxx GBP Non-Gilts Over 15 Years Index (Total Return, GBP)	
Duration (years)	11.86	12.20
Redemption yield (%)	6.63	6.45
Number of holdings	85	203
Number of issuers	70	132

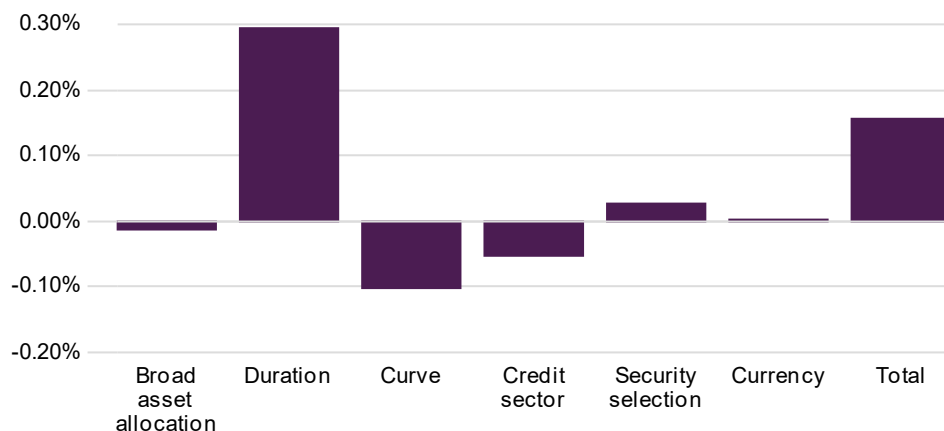
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(3.75)	(4.04)	0.29
1 Year	3.58	3.33	0.24
3 Years (p.a.)	2.51	1.03	1.48
5 Years (p.a.)	(4.46)	(6.19)	1.73
10 Years (p.a.)	1.46	0.17	1.30
Since inception (p.a.)	4.56	3.69	0.87

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; Net performance; Since inception date of the share class is 30 April 2003.

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 bias towards a shorter duration stance was positive for 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 and longer-dated bonds, rather than an outright macro-driven stance. Our small exposure to shorter-dated bonds meant curve positioning was a small negative, 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.

Sector selection was negative, with the positive impact of our bias towards structured bonds outweighed by the negative impact of our underweight in supranationals. Stock selection positive effects were centred in our bank exposure, with holdings in Santander and NatWest notable strong performers, while Harbour Funding and Sunderland in our social housing exposure also performed well.

Performance and activity

Top 10 holdings

	Weighting (%)
FRSH 1 1A1 8.369 04 Oct 2058	7.21
ELECTRICITE DE FRANCE SA 6 23 Jan 2114	4.58
NATIONAL WESTMINSTER BANK C % NON	3.30
VODAFONE GROUP PLC 6.375 03 Jul 2050	3.27
HARB_03-08 5.28 31 Mar 2044	2.91
WELLCOME TRUST LTD/THE 2.517 07 Feb 2118	2.53
ESKMUIR GROUP FINANCE PLC 4.255 12 Dec 2047	2.43
LONDON AND QUADRANT HOUSING TRUST 2.75 20 Jul 2057	2.40
EVERSHOLT FUNDING PLC 3.529 07 Aug 2042	2.35
M&G PLC 6.34 19 Dec 2063	2.34
Total	33.33

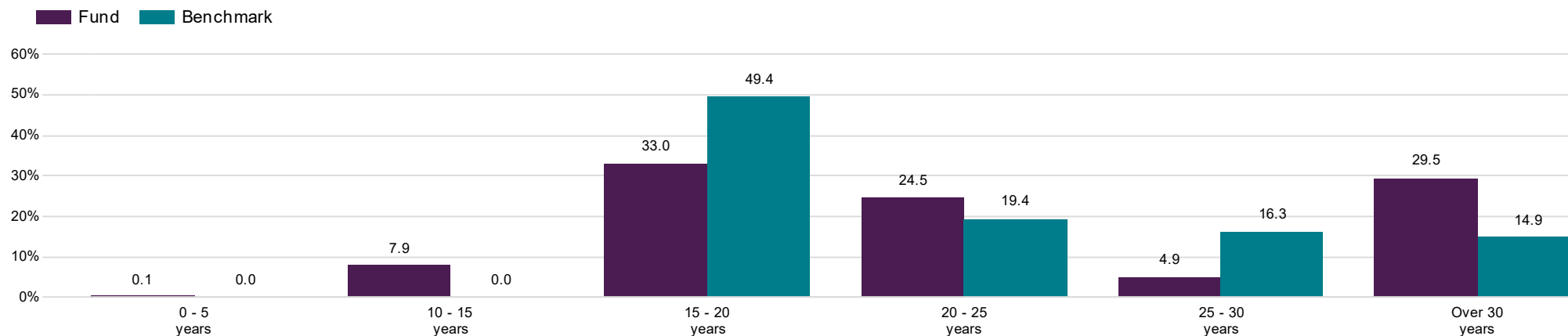
Fund activity

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 – including newer areas that add diversification to the fund.

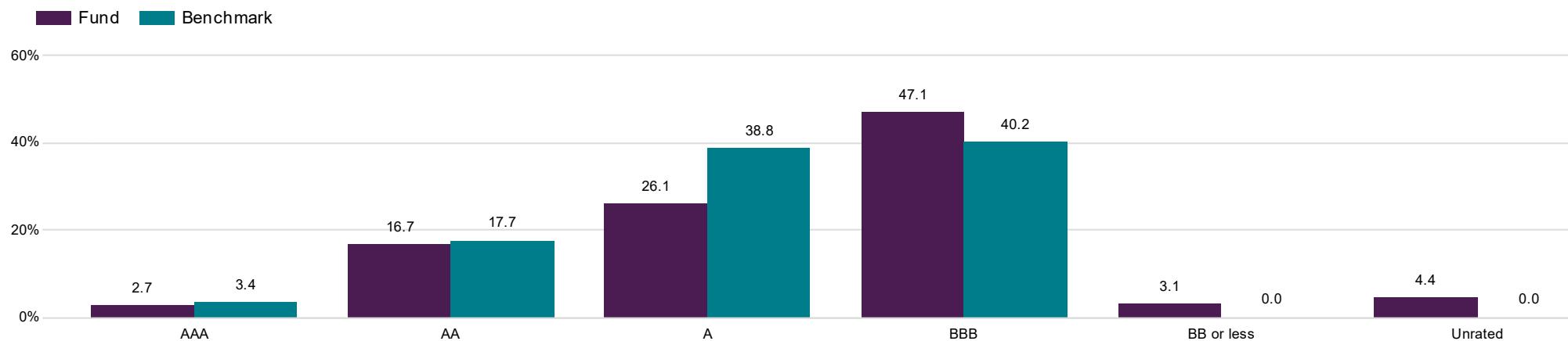
Technology and the growth in AI has been the trend of note in the past few years. One significant change in the past few months has been US hyperscalers looking beyond the US dollar market to raise capital. We added a new issue of 100-year bonds from Google parent company Alphabet at an attractive spread.

Fund breakdown

Maturity profile

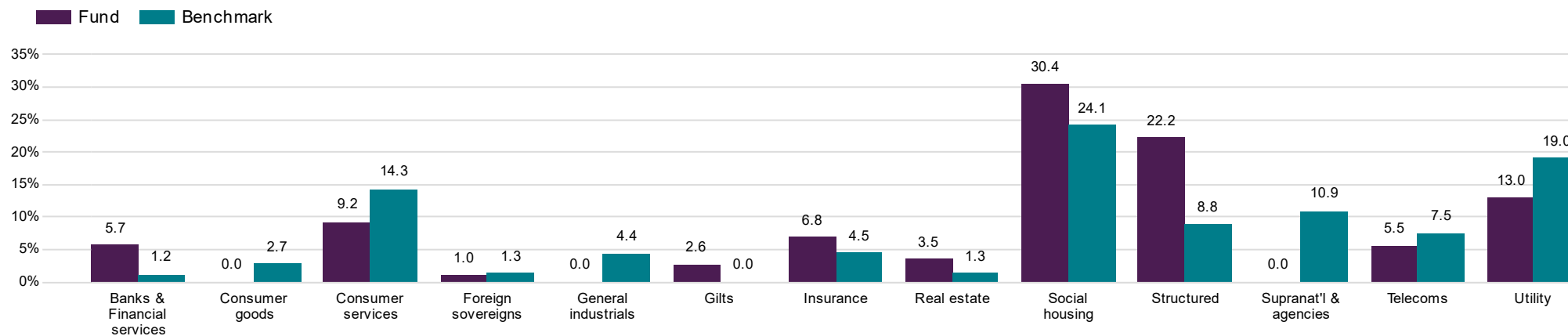


Credit ratings



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	4	9
Number of engagements	5	22

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	3
Climate - Transition Risk	3
Social & Financial Inclusion	3
Just transition	3
Technology, Innovation & Society	1
Cybersecurity	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.

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, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

Disclaimers

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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.)
Fund (gross)	(3.68)	0.89	3.91	8.77	(19.12)	2.84	(4.15)
Fund (net)	(3.75)	0.72	3.58	7.73	(20.40)	2.51	(4.46)

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)	3.91	(2.36)	7.21	(21.05)	(5.82)
Fund (net)	3.58	(2.67)	6.87	(21.30)	(6.12)

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 Long Corporate Bond Fund A Acc GBP share class.

Glossary

Asset allocation

Breakdown of the assets by asset classes. Based on RLAM asset classification scheme.

Attribution

Attribution is shown for the most recent quarter. Attribution figures are based on close of business returns for both the fund and the index whereas performance figures are based on midday returns for the fund and close of business for the index. Therefore the performance will not include market moves between midday when the fund is priced, and close of business when the index is calculated. This may result in a different figure being shown for the quarterly performance vs attribution data.

Credit ratings

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

Duration

Measure of sensitivity of a Fixed Income instrument to changes in interest rates, indicating the potential impact of interest rate fluctuations on the value of the investment.

Fund analytics

All figures exclude cash. Credit bonds include non-sterling bonds and CDs where held within the fund or benchmark. This is applicable to the following sections: fund Asset Allocation, Duration, Yield curve, Sector breakdown, Financial holdings, Credit ratings.

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.