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Royal London Short Duration Global High Yield Bond Fund

Quarterly Investment Report

30 September 2026

ROYAL LONDON
ASSET MANAGEMENT

Quarterly Report

The fund as at 30 September 2026

The purpose of this report is to provide an update on the Royal London Short Duration Global High Yield 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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ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The investment objective of the Fund is to provide income, the Fund will seek to achieve its objective on an active basis. The Fund seeks to achieve its investment objective by outperforming its benchmark, SONIA (the "Benchmark") by 2% per annum 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, an appropriate rate is used as a substitute for the Benchmark for each relevant Class currency.

Fund value

	Total £m
30 September 2026	949.30

Fund analytics

	Fund
Fund launch date	15 February 2013
Fund base currency	GBP
Benchmark	Sterling Overnight Index Average (SONIA)
Duration to expected	0.97 years
Redemption yield (FX adjusted) (%)	7.03

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.15	0.93	(0.78)
YTD	2.38	2.78	(0.40)
1 Year	4.16	3.78	0.38
3 Years (p.a.)	6.72	4.45	2.27
5 Years (p.a.)	4.52	3.61	0.92
10 Years (p.a.)	3.59	2.02	1.57
Since inception (p.a.)	3.94	1.63	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. 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 15 February 2013.

Performance commentary

High yield markets demonstrated resilience over the quarter, as spreads remained relatively well supported despite challenging headlines and a persistent backdrop of negative news. The fund was behind its cash plus target in the quarter, although in a quarter where the high yield market delivered a negative return, it benefitted from its defensive positioning.

Performance varied across the quarter. July was negative, August was relatively benign and supported by carry, while September saw a pronounced sell-off. However, it is important to note that the market weakness was driven primarily by government bonds rather than high yield credit, with the asset class holding up relatively well despite the volatility.

Middle East uncertainty was a key element in market weakness in September. The news was not noticeably worse or better than prior months, but it appeared that markets have become more pessimistic about a resolution and hence news tended to be viewed negatively – an example being the sell-off on the closure of the Saudi East-West pipeline not being reversed later in the month when it reopened.

Despite the shift in spreads over the quarter, year-to-date spreads have been well contained and are not far off where they started the year. With the additional yield on offer following the government bond market sell-off, we see this as an attractive entry point into the market with all-in yields compensating for downgrade risk. Corporate fundamentals in the high yield market remain strong, with default rates staying low throughout the year and economic activity proving more resilient than many had anticipated. Inflation remains a key area of focus, however, as higher oil prices are likely to feed through to input costs over time, creating the potential for renewed price pressures.

By sector, the fund's performance was driven by its basic industry, leisure and media holdings, with technology & electronics also contributing strongly. This was more than offset, however, by our telecommunications holdings. By rating, our BB names were the main contributors, with our single B names detracting from performance. Regionally, our US and European names were the main contributors.

The fund's low duration profile remained a key feature of the strategy, helping to limit sensitivity to the rise in government bond yields seen during the period. Returns were also broad-based across sectors. This sector-level breadth helped support the consistency of monthly returns and meant that performance was not reliant on a single area of the portfolio.

Performance and activity

Top 10 holdings

	Weighting (%)
Telenet Finance Luxembourg 5.5% 01/03/2028	1.96
Edgewell Personal Care Co 5.5% 01/06/2028	1.82
Kfc Hld Pizza Hut Taco 4.75% 01/06/2027	1.78
IQVIA INC 5% 15/10/2026	1.75
International Game Technology PLC 5.25% 15/01/2029	1.74
SS and C Technologies Inc 5.5% 30/09/2027	1.73
Picard Groupe SAS 6.375% 01/07/2029	1.72
Cinemark USA Inc 5.25% 15/07/2028	1.71
Primo Water Holdings Inc Trito 3.875% 31/10/2028	1.69
Afflelou SAS 6% 25/07/2029	1.62
Total	**17.51**

Fund activity

Despite the volatility experienced during the quarter, particularly towards the end of the period, the primary market remained open and active. This continued access to capital markets reflects both the underlying strength of the high-yield market and the confidence investors continue to have in the asset class, even against a more challenging market backdrop.

The end of September saw the jumbo Paramount/Warner Brother's new issuance with bonds and loans issued across investment grade and high yield. Year-to-date issuance remains robust at $482.7bn globally and $266.6bn in the US, highlighting continued issuer access to capital markets and supportive refinancing conditions.

A theme of growing importance within the high yield market is the rapid increase in AI-related issuance. The substantial investment required to build the infrastructure underpinning AI, particularly data centres and associated digital and real-world infrastructure, is increasingly finding its way into high yield markets. While still at an early stage, we have already seen several transactions linked to this theme emerge in our market, and we expect AI-driven financing needs to become a more prominent source of issuance over time.

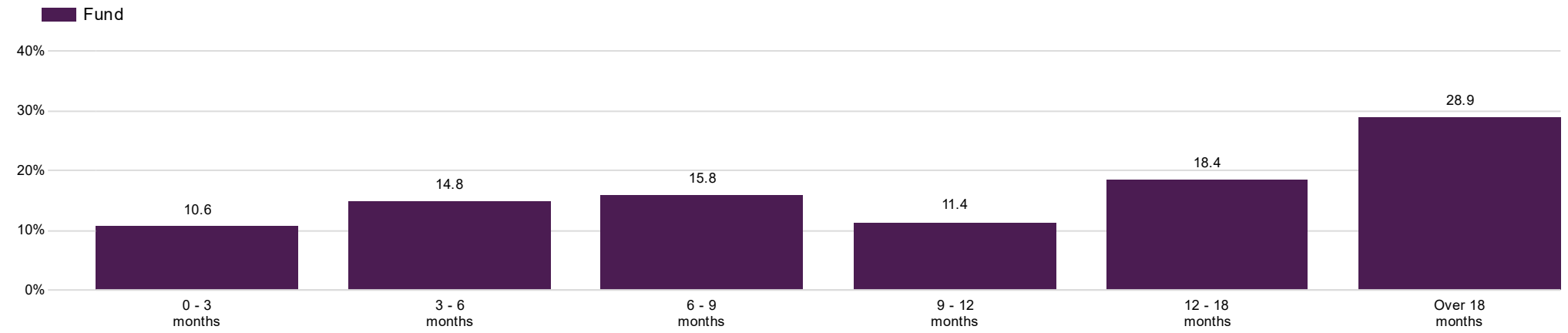
Overall, the fund remained well positioned through a period of volatile market conditions, with its low duration, defensive positioning and careful reinvestment of cash continuing to support resilience and steady participation in the market.

The fund was active in the period. US casino operator Caesars was a notable deal during the period. We picked up the company's 2030 bonds, where potential M&A activity has created an attractive spread opportunity. Given the likelihood that any leveraged buyout would require additional debt financing, we are comfortable with our position in the capital structure and prefer the 2030 bonds over the 2029 maturities. Importantly, our investment case does not rely on a transaction occurring. We remain confident in the underlying business and cash flow generation, making us comfortable holding the debt even in the absence of any takeover activity.

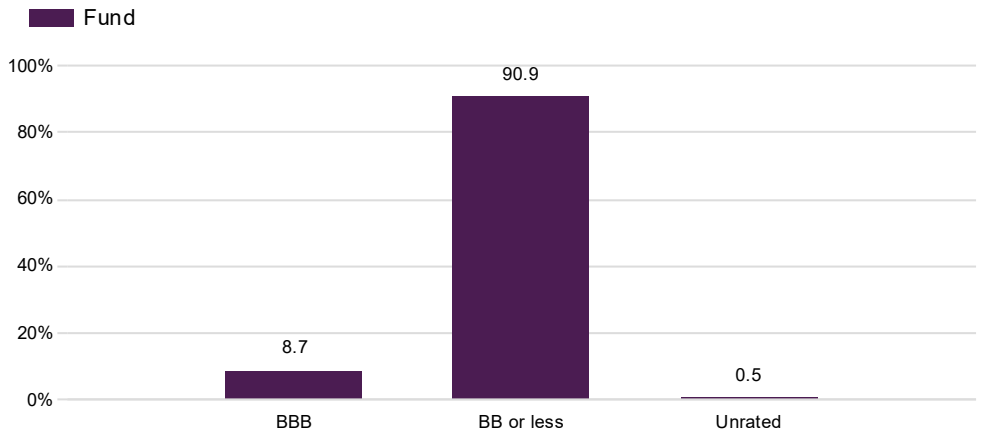
Another deal was Nissan Motor. Following its downgrade into the high yield market, we see value in the front end of the curve, which we believe provides an attractive entry point into a solid BB-rated credit. With an upcoming call date offering additional support, we are comfortable maintaining exposure in the shorter-dated bonds, where we see an attractive balance of risk and return. Finally, United Group was another addition during the period. We see value in the Eastern European telecommunications operator, where improved credit fundamentals have come from the company's disposal of non-core, non-EU assets - expected to strengthen the balance sheet, reinforcing our constructive view of the credit.

Fund breakdown

Maturity profile

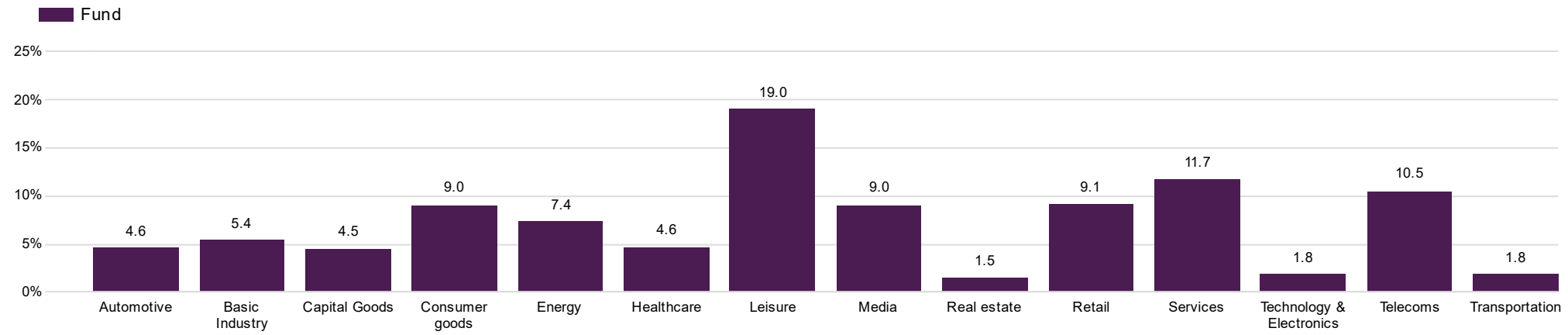


Credit ratings

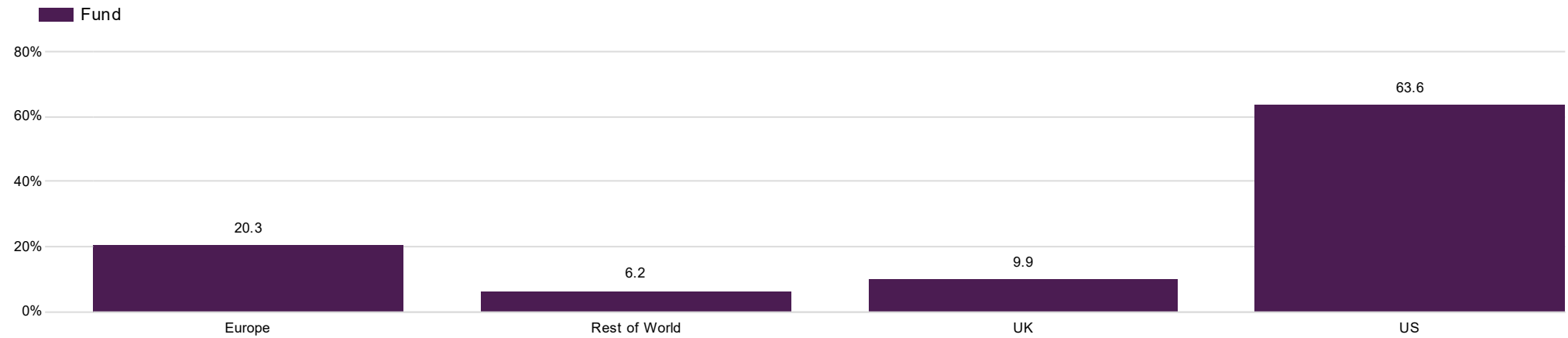


Fund breakdown

Sector breakdown



Regional weights



Market commentary

Market overview

Global economic activity remained resilient over the third quarter amid a more challenging backdrop of higher energy prices, rising government bond yields and renewed monetary policy tightening. Despite ongoing conflict in the Middle East and higher energy prices, business surveys and recent GDP figures look consistent with resilient global activity, with some indicators showing some improvement in Q3. US growth continued to be supported by robust household spending and a relatively firm labour market. The euro area also performed more strongly than expected, with second-quarter GDP recording its fastest quarterly expansion in four years, supported by consumption, exports and manufacturing activity.

Oil prices rose over the quarter, ending near $100 per barrel after starting at around $75 per barrel. Increasingly, however, attention shifted to refined products, where prices pressures have been even more pronounced over the conflict. Towards the end of the quarter, news broke that US President Trump was contemplating a diesel export ban, adding to European energy price pressure. Given higher energy prices and with indications growing of a strong El Nino event and very dry and hot European summer, worries also grew around the outlook for food prices.

Headline inflation remained elevated in most economies, reflecting higher energy prices. In the US, CPI and PCE measures of were both 3.4% year-on-year by the August figures, remaining above target consistent levels. UK CPI inflation rose from 2.6% year-on-year to 2.9% year-on-year in July, reflecting higher energy bills following the updated Ofgem price cap, before edging up to 3.1% year-on-year in August. In the euro area, higher energy prices kept inflation elevated at 2.9% year-on-year in July and 3.2% year-on-year in August.

Against a backdrop of intensifying inflationary pressures, major central banks shifted more hawkish over the quarter. The European Central Bank hiked rates once again in September, while the US Federal Reserve also delivered its first rate hike since 2023, with the median FOMC participant indicating another hike later in the year in their forecasts. The Bank of England left rates unchanged in both July and September but expressed growing concern about elevated energy prices and signalled an openness to tighten policy later in the year if energy prices don't fall significantly.

During the quarter, Andy Burnham became UK Prime Minister. The government reaffirmed commitment to the fiscal rules which, alongside higher inflation and higher bond yields weighing on the fiscal headroom, leaves little room for manoeuvre in the October budget. Towards the end of the quarter, Burnham proposed changes to the pension triple lock to help fund new social care policy and indicated a willingness to reassess the UK's relationship with Europe. However, the proposals were light on details and not expected to take effect until after the next election, likely from 2030.

Fixed income markets weakened over the period as persistent inflationary concerns and elevated energy prices prompted investors to reassess the path of monetary policy. Government bond yields rose sharply, particularly at shorter maturities, as markets priced a higher path for policy rates, while longer-dated bonds weakened on fiscal concerns and rising issuance. In the UK, the government's Debt Management Office sold £4.25 billion of July 2036 gilts at an average yield of 5.383% at the end of September, the highest 10-year borrowing cost since 1999. Demand for higher yields reflected ongoing inflation concerns and expectations of increased fiscal spending ahead of the forthcoming Autumn Budget. UK monetary policy expectations also shifted over the quarter and markets started pricing in a 25bps rate hike in November, with roughly four increases priced in by the middle of next year.

In the UK, 10-year gilt yields ended September at 5.43% compared to 4.76% at the end of June. US treasury yields also moved higher over the quarter, with the 10-year treasury yield ending September at 5.28%, having closed at 4.44% at the end of June. Across Europe, government bond yields similarly pushed upwards. The German 10-year bund was 3.55% at the end of September, up from 2.87% three months prior.

Global investment grade credit markets saw negative returns over the quarter. Credit spreads were marginally wider – with this reflecting broad uncertainty over interest rates and geopolitics, rather than concerns over the strength of the corporate sector. Moves in government bonds were the main driver of returns in these markets. Rising yields in US dollar, euro and sterling government bond markets meant that overall returns for the period were negative.

In the high yield market, the ICE BofAML (BB-B) Global Non-Financial High Yield Index (sterling hedged) benchmark returned -1.61% in the third quarter with spreads ending the three-month period at 258bps, widening from 238bps at the start of the quarter. At the end of the period, the index's yield-to-worst stood at 7.3%, up from 6.26% three months earlier. In the broader-based high yield index, which includes CCC rated bonds, yield-to-worst increased to 7.95% from 6.87%. Credit dispersion increased as well with global CCC spreads widening from 1030bps to approximately 1219bps on a spread to worst basis.

Market commentary

Outlook

The cushion available from current yields remains attractive, underpinning our positive view of the high yield market. Even after the recent volatility, all-in yields continue to provide a meaningful buffer against potential market weakness, while offering compelling income opportunities for investors.

And these technical factors should help keep high yield spreads relatively tight, while investor focus remains on the attractive level of all-in yields. Spreads are likely to remain rangebound, with few obvious catalysts for meaningful widening, particularly as markets continue to absorb geopolitical tensions in the Middle East.

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.

An area of focus for us over the coming months will be the upcoming earnings season. In particular, we will be paying close attention to companies' forward-looking statements and management outlooks, looking for signs of how inflationary pressures and the economic backdrop are affecting business confidence, demand trends and future earnings expectations.

Another potential source of future volatility is the US midterm elections and the direction of policy following the outcome. This could add another layer of uncertainty to an already challenging news flow, particularly if the election results raise questions around the future path of fiscal, trade or regulatory policy.

Against this backdrop, investors may remain cautious as the year draws to a close. With multiple macroeconomic and political factors competing for attention, market participants could be reluctant to take on additional risk heading into the typically quieter year-end period, potentially leading to lower liquidity and periods of heightened volatility.

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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Awards and ratings are not a guide to future returns and should not be considered recommendation.

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.

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.

Derivative risk

Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both Fund losses and gains. The impact to the Fund can be greater where they are used in an extensive or complex manner, where the Fund could lose significantly more than the amount invested in derivatives.

Performance to 30 September 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	0.15	2.15	4.16	21.57	24.77
Fund (net)	0.02	1.91	3.66	19.84	21.81

Annualised (%)

3 Years (p.a.)	5 Years (p.a.)
6.72	4.52
6.21	4.02

Year on year performance (%)

	30/09/2025 - 30/09/2026	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022
Fund (gross)	4.16	6.66	9.43	9.60	(6.36)
Fund (net)	3.66	6.14	8.91	9.07	(6.81)

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment.

Source: RLAM as at 30 September 2026. All figures are mid-price to mid-price for the Royal London Short Duration Global High Yield Bond Fund Z Inc GBP share class.

Glossary

Article 8

The Fund is classified as an Article 8 fund under the EU Sustainable Finance Disclosure Regulation (SFDR). The Fund promotes environmental and/or social characteristics but does not have sustainable investment as its objective. Further details regarding the risks, environmental and/or social characteristics promoted by the Fund can be found in the Prospectus and the SFDR product summary. Investors should review these before making any investment decision. The SFDR classification should not be interpreted as an indication of investment quality, a recommendation to invest, or that the Fund pursues a sustainable investment objective.

Asset allocation

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

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

The maturity profile is based on position redemption dates expected by the manager, which may differ from 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.

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.

Sector allocation

The global funds sector classifications are based on ICE BofA sector level 3 classifications.

Glossary

Top 10 holdings

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