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

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ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund aims to generate income over rolling 3-year periods. The Fund's performance target is to outperform the Federal Funds Rate (the "Benchmark") over rolling three-year periods. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track it.The Fund will be actively managed and its portfolio will not be constrained by reference to any index, and the Investment Manager may use its discretion to invest in instruments which are not included in the Benchmark. 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	112.67

Fund analytics

	Fund
Fund launch date	18 April 2023
Fund base currency	USD
Benchmark	Effective Federal Funds Rate (EFFR)
Duration to expected	1.54 years
Redemption yield (FX adjusted) (%)	7.66

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.37	0.91	(0.54)
YTD	2.80	2.71	0.08
1 Year	4.25	3.71	0.54
3 Years (p.a.)	7.30	4.47	2.82
Since inception (p.a.)	6.85	4.56	2.29

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

Performance commentary

Emerging market bonds demonstrated resilience over the quarter, as spreads remained relatively well supported despite challenging headlines and a persistent backdrop of negative news globally.

Although the market delivered a negative return over the quarter, the fund delivered a positive return, but behind its cash benchmark.

Performance in the market was mixed 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 corporate 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 from the Middle East 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.

Corporate fundamentals 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.

The negative returns in emerging market bond markets were broad based, with investment grade and high yield bonds negative. In the fund, there was a positive impact from our high yield bonds, with our CCC & Below bonds seeing positive returns, while our underweight to BBB & Above proving a contributor for relative performance.

Performance was also helped by our Central & Eastern Europe, Middle East & Africa (CEEMEA) holdings, which continue to make up the largest part of the fund. Our Asia Pacific and Latin America holdings also contributed positively. By rating, high yield exposure was positive, with our B rated and CCC & Below rated bonds the relative outperformers. By sector, our oil & gas bonds were the clear standout.

We continue to believe that emerging market high yield continues to provide attractive short-dated opportunities.

Performance and activity

Top 10 holdings

	Weighting (%)
HTA Group LtdMauritius 7.5% 04/06/2029	2.35
DNO ASA 9.25% 04/06/2029	2.28
Wynn Macau Ltd 5.625% 26/08/2028	2.24
Emirates NBD Bank PJSC 4.25% VRN Perp	2.22
Trident Energy Finance PLC 12.5% 30/11/2029	2.20
Abu Dhabi Commercial Bank PJSC 8% VRN Perp	2.20
Yinson Production Financial Ser 9.625% 03/05/2029	2.16
First Quantum Minerals Ltd 8.625% 01/06/2031	2.00
Dar AlArkan Sukuk Co Ltd 6.875% 26/02/2027	1.94
Azule Energy Finance Plc 8.125% 23/01/2030	1.89
Total	**21.48**

Fund activity

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

We continue to see opportunities in Latin America and the CEEMEA regions, where the majority of the fund's assets are invested. The fund continues to be skewed towards CEEMEA region, due to the extensive number of emerging markets high yield short duration opportunities. Despite the geopolitical volatility in the Gulf region, we continue to see attractive investing opportunities.

In the secondary market, we added bonds from Damac. While the issuer has come under pressure in recent months amid challenges in the emerging market real estate sector, we believed valuations more than compensated for the risks and viewed the deal as an attractive opportunity to add exposure at compelling levels.

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.

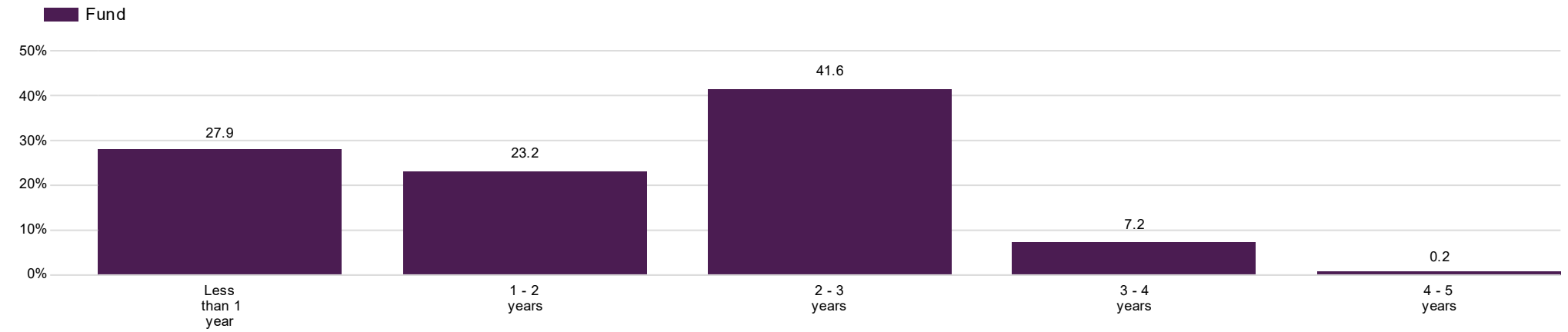
As the fund's existing bonds mature or get refinanced, we continue to invest primarily in the high yield short duration segment of Emerging Market corporates, with recent volatility providing new attractive short duration opportunities.

Emerging market corporate fundamentals continue to remain strong. We remain confident with the regional weightings of the fund. The fund will use any volatility to invest opportunistically in attractive short duration bonds.

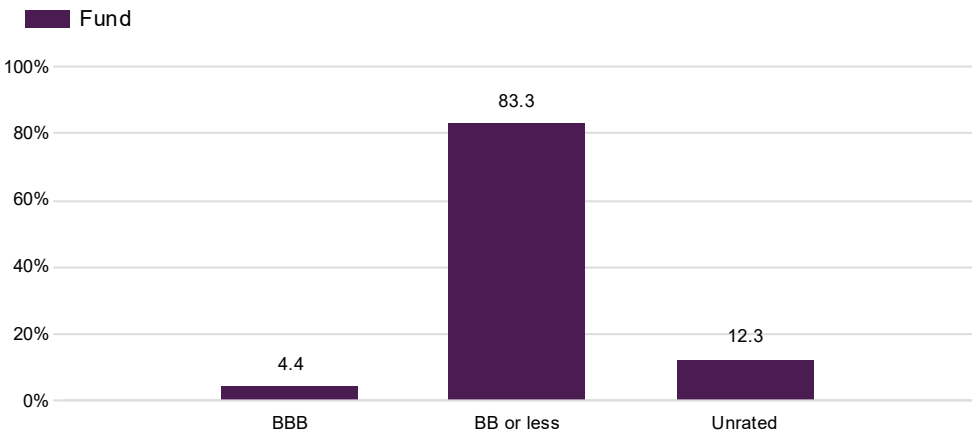
While companies are relatively comfortable with the strength of their balance sheets, primary markets going forward will be monitored if any future uncertainty or risk off environment keeps primary markets closed for a sustained period impacting the ability to refinance short duration bonds.

Fund breakdown

Maturity profile

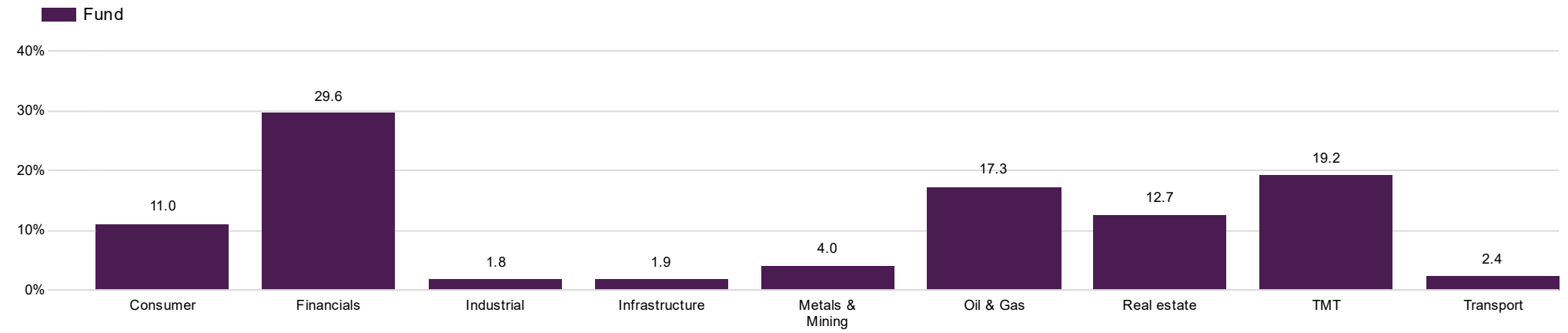


Credit ratings

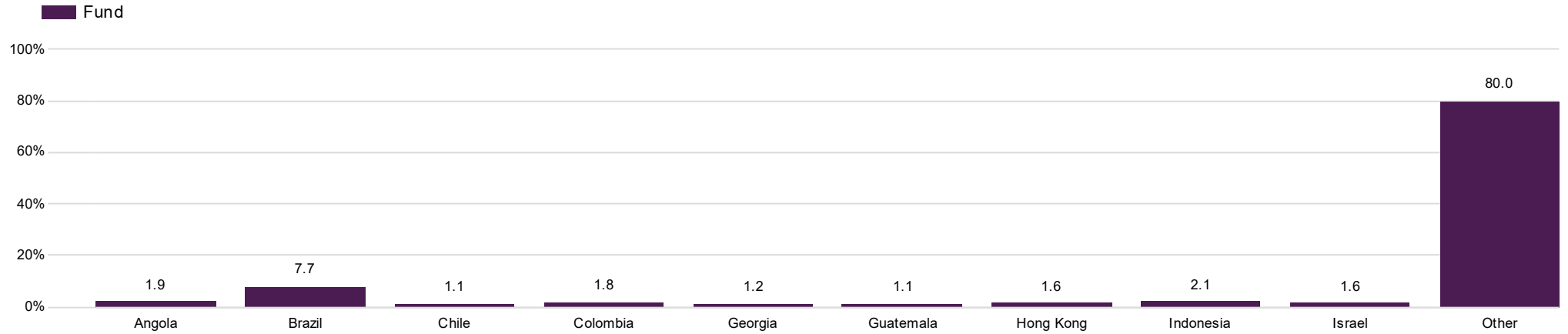


Fund breakdown

Sector breakdown



Geographical breakdown



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 price 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 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

We remain constructive on emerging market corporate bonds, supported by resilient fundamentals, low default rates and an attractive level of yield relative to developed market credit. While geopolitical uncertainty has increased, particularly following events in the Middle East, the asset class has so far absorbed this volatility well. Spreads have remained contained, and we continue to see opportunities where market uncertainty has created attractive entry points for careful credit selection.

The key risk from here is whether geopolitical or macroeconomic uncertainty leads to a more sustained risk-off environment. Primary markets have remained open overall, but issuance slowed as the Iran conflict intensified, reflecting more cautious issuer behaviour. We will continue to monitor whether any future disruption limits refinancing options, particularly for lower-rated or shorter-dated issuers. However, balance sheets across much of the EM corporate universe remain in good shape, and default rates remain moderate.

We continue to favour selected high yield opportunities, where we believe investors are being appropriately compensated for credit risk. In particular, short-dated high yield bonds continue to offer attractive income potential with less sensitivity to movements in government bond yields. We also retain a preference for CEEMEA, where we see a broader and more compelling opportunity set, while remaining underweight regions where valuations are less attractive or where there are fewer suitable opportunities.

Overall, we believe emerging market corporate bonds remain well placed in the current environment. Elevated yields provide a meaningful cushion against further volatility, while careful issuer selection remains essential given the uneven impact of geopolitical risk, oil price volatility and changing expectations for US interest rates. Our focus remains on identifying resilient companies with strong balance sheets, manageable refinancing needs and the ability to navigate a more uncertain global backdrop.

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.

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

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Risks and Warnings

Investment risk

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

Credit risk

Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

EPM techniques risk

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

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Liquidity risk

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

Emerging markets risk

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

Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

Sub-investment grade investment risk

Lower rated investment grade securities may have large uncertainties or major risk exposures to adverse conditions. The market value of securities in lower rated investment grade categories is more volatile than that of higher quality securities, and the markets in which these securities are traded are less liquid than those in which higher rated securities are traded.

Performance to 30 September 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception
Fund (gross)	0.37	3.00	4.25	23.55	25.71
Fund (net)	0.26	2.77	3.79	21.93	23.82

Annualised (%)

	3 Years (p.a.)	Since Inception (p.a.)
Fund (gross)	7.30	6.85
Fund (net)	6.83	6.38

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)	4.25	7.93	9.81	-	-
Fund (net)	3.79	7.46	9.33	-	-

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 Emerging Markets Corporate Bond Fund Z Acc USD share class. Since inception date 18 April 2023.

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.

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.

Top 10 holdings

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