



Royal London Corporate Bond Fund - Fund Manager Review – April 2026

Introduction

This review has been prepared based on publicly available fund information, including the latest factsheets as of February 2026, alongside our own analysis of how the fund may behave within client portfolios.

The Royal London Corporate Bond Fund is one of the more established names within the sterling credit space. It sits in a part of the market often described as “defensive,” but in reality, is more nuanced than that.

This is not a gilt fund.
It is not a cash alternative.
And it is not a fully flexible bond strategy.

Instead, it occupies an important middle ground, one that has arguably become more relevant again following the recent reset in bond yields.

Fund Overview

The fund aims to deliver returns above the iBoxx Sterling Non-Gilts Index over rolling five-year periods, through a combination of income and capital growth.

Key points:

- Fund size: £1.7bn
- Managers: Shalin Shah (since 2017), Matt Franklin (since 2022)

Our Fixed Income and Private Assets team



Experienced, stable and collegiate

| Will Nicoll Chief Investment Officer | | | | | | |
|---|---|--|---|---|---|--|
| Rates & Cash | Credit | | ABS / Leveraged Finance | | Private Markets | Solutions |
| Craig Inches Paul Rayner Tony Cole Gareth Hill Ben Nicholl Adeline Derain Ella Gale | Paola Binns Eric Holt Rachid Semaoune Shalin Shah Matt Franklin Wolfgang Bauer | Martin Foden Zilla Chan Carleigh Young Christopher Ogunleye Carrick Russell Luca Giacalone Ethan Gibbs Ben Barnes Adam Galligan Steven Thanasi Jonathan Murray Norberto Araripe | Jeremy Deacon Stephen Tapley Gary Ewen Seema Sopal Alok Bedekar Khuram Sharif Rob Perry | Sebastien Poulin Sunil Patel Tom Elliott Alex Robertson Demi Ogunwusi Ben Evans Ellie McCarthy Annika Shah | Ewan Macaulay Peter Manners-Smith Shailendra Shah Matthew O'Sullivan Jason Vickers Libby Thelwall Marco Morandi James Holkham Coates Stephen Coghill Ned Orange | Stephen Ruggiero Daun Jeong Elmarie van der Merwe Investment Directors John Atkin Ewan McAlpine Nick Woodward Vishaal Sharma Rosie Brydon Megan Jones Vinay Kedia Victoria Rock Trading & Execution Analytics Kevin Flood + team of 9 |
| Responsible Investment Ashley Hamilton Claxton +18 | | | | | | |
| RI Insights (Beth Goldsmith +3) | | Engagement and Climate (Carlota Garcia Manas +7) | | Governance (Sophie Johnson +3) | | |

Source: RLAM as at February 2026.

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- Yield: 5.6–5.7%
- Duration: 6.5 years (longer than benchmark)
- Sector: IA Sterling Corporate Bond

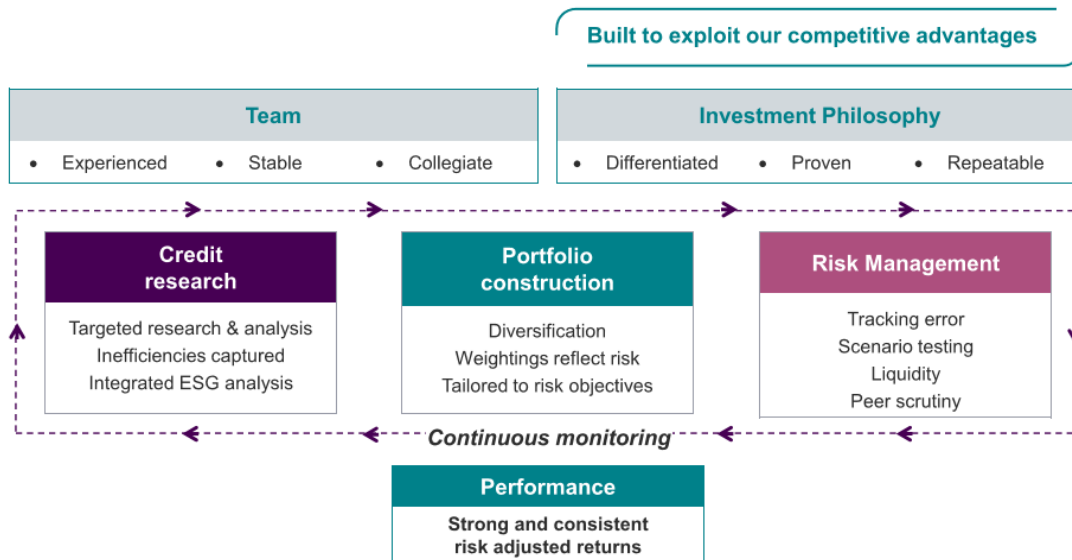
The fund is therefore positioned as a core credit holding, typically used within portfolios to provide income and diversification.

Investment Philosophy & What They Are Trying to Do

At its core, this is a credit selection strategy.

Credit

Investment process



That may sound simple, but it is worth pausing on, because it defines how the fund behaves.

The managers are not trying to:

- Predict interest rates in a macro sense
- Rotate aggressively between asset classes
- Time markets in a tactical way

Instead, they are trying to answer a more fundamental question:

“Are we being paid enough for the risk of lending to this company?”

This leads to a process built around:

- Deep credit research
- Relative value within sterling markets
- Active sector positioning

One of the clearest expressions of this is the allocation to secured debt (36%), which is materially higher than the benchmark.

This is important.

It tells you:

- The fund is not simply hugging the index
- It is willing to access more complex parts of the market
- It is deliberately seeking additional yield

But it also tells you something else:

This is not the most straightforward bond fund in the market

Portfolio Construction – What Sits Under the Hood

When you look through the portfolio, a few themes emerge.

RL Corporate Bond Fund

Ten largest holdings



Diversification of risk within largest positions

| Description | Sector | Rating | % of Fund |
|---|----------------------------|--------|-------------|
| UK Conv Gilt 3.75% 2053 | Gilts | AA | 2.8 |
| HSBC Bank Funding Sterling LP 5.844% 2031/Perpetual | Banks & Financial Services | BBB- | 2.8 |
| Virgin Money UK 7.625% 2029 | Banks & Financial Services | BBB+ | 1.7 |
| Co-Operative Bank Finance 9.5% 2028 | Banks & Financial Services | BBB | 1.3 |
| Direct Line Insurance Group 4% 2032 | Insurance | A- | 1.3 |
| Barclays Bank 6.278% 2034/Perpetual | Banks & Financial Services | BB+ | 1.3 |
| Co-Operative Bank Finance 6% 2026/2027 | Banks & Financial Services | BBB | 1.2 |
| M&G 6.34% 2043/2063 | Insurance | BBB | 1.2 |
| Standard Chartered 6.36078% 2027/Perpetual | Banks & Financial Services | BBB- | 1.1 |
| Logicor 2019 1 UK 1.875% 2026 | Structured | AA+ | 1.0 |
| Total | | | 15.6 |

RL Corporate Bond Fund

Portfolio characteristics

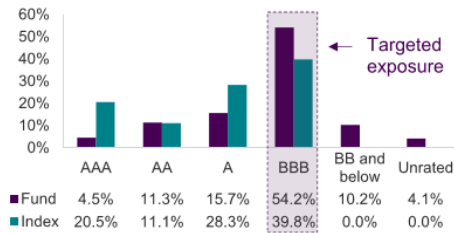


| Fund information | Fund | Index |
|-----------------------------------|-----------|-----------|
| Fund size | £1,659.6m | |
| No. of holdings | 332 | 1214 |
| Duration (yrs) | 6.4 | 5.4 |
| Gross redemption yield (%) | 5.8 | 4.9 |
| Sector positioning | Fund (%) | Index (%) |
| Government & Supra | | |
| Foreign sovereigns | - | 0.6 |
| Supranationals & Agencies | 2.8 | 25.9 |
| Gilts | 2.8 | - |
| Index Linked | 2.5 | - |
| Financial | | |
| Banks & financial services | 23.4 | 21.1 |
| Insurance | 15.3 | 6.4 |
| Corporate | | |
| Consumer goods | 0.7 | 5.3 |
| Consumer services | 2.7 | 5.7 |
| General industrials | 1.0 | 3.1 |
| Telecommunications | 0.6 | 4.3 |
| Utilities | 3.7 | 11.4 |
| Asset Backed & Secured | | |
| Covered | 0.6 | 0.6 |
| Investment trusts | 0.3 | 0.0 |
| Real estate | 4.8 | 3.0 |
| Social housing | 6.0 | 5.2 |
| Structured | 32.7 | 7.4 |
| Capital structure | Fund (%) | Index (%) |
| Secured | 42.5% | 13.0% |
| Unsecured | 57.5% | 87.0% |

Diversification, Yield & Credit Enhancement drives performance

- Secured bank debt
- Social housing
- CMBS
- RMBS
- Student loan
- PFI/infrastructure
- Utility
- Whole Business

Credit rating profile



Past performance is not a guarantee or reliable indicator of future returns. Portfolio characteristics and holdings are subject to change without notice. This does not constitute an investment recommendation. For information purposes only. Gross redemption yield is the rate of discount at which a bond's future obligations of interest and capital payments equates to its current price. The gross redemption yield shown for the fund is the average for its individual holdings, weighted by their current value, net of relevant fund management costs and gross of tax. Please note that the impact of Futures is not considered as part of the overall fund Duration calculation; Fund level Duration is based on long only physical assets (incl cash).

Source: RLAM as at 31 January 2026. Subject to rounding. The index of the fund is iBoxx Sterling Non-Gilts - All Maturities.

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Credit Quality

- Majority in BBB rated bonds (54%)
- Smaller allocation to high yield (9.5%)
- Lower exposure to AAA than benchmark

This creates a portfolio that is:

- Investment grade in structure
- But with a clear tilt towards higher yielding credit

In practice, this means:

- More income
- More sensitivity in stressed markets

Sector Allocation

The fund leans heavily towards:

- Financials (banks, insurance)
- Structured credit
- Select real estate and social housing

While being underweight:

- Utilities
- Government-related debt

This is a deliberate choice.

Financials and structured assets often offer:

- Higher spreads
- Better income

But again, this comes with:

- Cyclical exposure
- Sensitivity to market stress

Duration & Interest Rate Exposure

- Duration: 6.5 years vs 5.4 benchmark

This matters more today than it has for many years.

A longer duration position means:

- The fund will benefit more if interest rates fall
- But will be more sensitive if inflation proves persistent

This is one of the key levers in the portfolio.

Diversification

- 345 holdings

This is a well-diversified portfolio.

There are no dominant single-issuer risks, which is important when taking credit exposure.

Performance – What Has Actually Happened

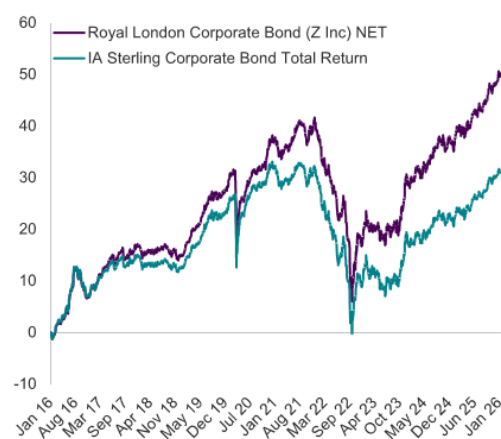
RL Corporate Bond Fund

Performance

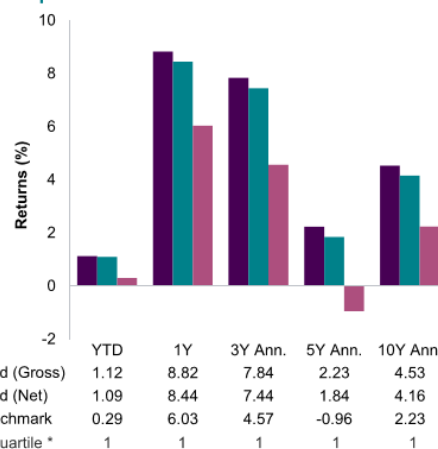


Philosophy and process underpins superior long-term returns

Cumulative performance (10 years)



Annualised performance



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 may reduce your return.

Source: RLAM and Morningstar. Cumulative performance figures stated net of fees and net of tax, mid-day prices in GBP, for the Royal London Corporate Bond (Z Inc), as at 31 January 2026. Inception date is 30 April 2010. The index for the fund is iBoxx Sterling Non-Gilts - All Maturities Index. Index performance is based on close of business prices. *The quartile is the IA Sterling Corporate Bond. Peer rankings based on net figures.

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Headline Numbers (to Feb 2026)

- 1 Year: 8.2%
- 3 Year: 26%
- 5 Year: 12%
- Quartile: 1st across all periods

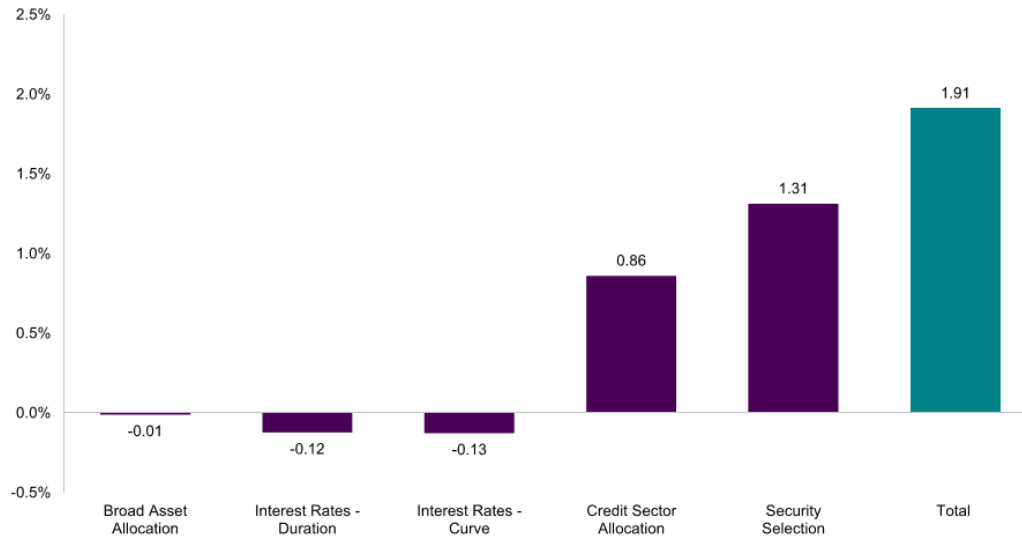
At face value, this is strong.

But the more interesting point is *why*.

The Bigger Picture

RL Corporate Bond Fund

Performance attribution – 12 months to January 2026



Past performance is not a guarantee or reliable indicator of future returns. Portfolio characteristics and holdings are subject to change without notice. This does not constitute an investment recommendation. For information purposes only.

All figures stated gross of fees and gross of tax, in GBP.

Source: RLAM. Data shown from 31 January 2025 through to 31 January 2026. Figures shown are based on close of business prices. Subject to rounding.

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The past five years have been difficult for bonds.

- Rising interest rates
- Inflation shocks
- Significant drawdowns (2022 in particular)

The benchmark itself delivered negative returns over 5 years.

So the real takeaway is:

This fund has not just performed well
It has performed well in a difficult environment

That suggests:

- Credit selection has added value
- The secured debt allocation has been beneficial
- Active management has mattered

Market Context – Why This Matters Now

We are no longer in a low-yield, low-volatility bond world.

Today's environment is defined by:

1. Higher starting yields

- 5.6–5.7% is a very different starting point to the pre-2022 world

This means:

- Income matters again
- Returns are less reliant on capital gains

2. Geopolitical uncertainty

Events such as tensions in the Middle East:

- Increase short-term volatility
- Can widen credit spreads

This can feel uncomfortable, but it also creates:

Opportunities for active credit managers

3. Interest rate uncertainty

Markets are still trying to answer:

- Have rates peaked?
- How persistent is inflation?

With a longer duration profile, this fund has:

- Upside if rates fall
- Risk if inflation surprises

4. Credit cycle positioning

With a bias towards BBB and some high yield:

- The fund is exposed to the economic cycle
- It is not immune to downturns

Comparison: Strategic Bond Funds

This is an important distinction, particularly for advisers.

Funds such as:

- Jupiter Strategic Bond
- TwentyFour Dynamic Bond

are often grouped together with corporate bond funds, but they are fundamentally different.

Philosophical Difference

Royal London Corporate Bond Fund

- “We will stay in credit”
- Focus on security selection
- Limited flexibility

Strategic Bond Funds

- “We will move where we see value”
- Asset allocation driven
- Highly flexible

Practical Differences

| Feature | Royal London Corporate Bond | Strategic Bond Funds |
|-----------------|--|----------------------|
| Flexibility | Low | High |
| Credit Exposure | Core | Variable |
| Duration | Relatively stable (the managers are active in moving duration, but to a lesser degree than a strategic bond) | Actively managed |
| Asset Classes | Primarily sterling credit | Global, multi-sector |
| Manager Role | Stock picker | Allocator |

What This Means in Practice

- Royal London:
 - More predictable
 - More consistent role in portfolios
 - Less dependent on macro calls
- Strategic funds:
 - More adaptive
 - Can reduce risk quickly
 - Greater dispersion of outcomes

Key Insight

These are not substitutes.
They solve different problems.

Royal London = core building block
Strategic funds = flexible toolkit

Role in a Portfolio

This is where the fund becomes most useful.

As a Core Allocation

The fund works well as:

- A core credit exposure
- An income generator
- A diversifier alongside equities

Within a Retirement / CRP Framework

From a decumulation perspective:

The fund can support:

- Natural income strategies
- Blended income approaches

- Sustainable withdrawal planning

However, it is important to be clear:

It is not sufficient on its own.

It should sit alongside:

- Gilts (defensive ballast)
- Strategic bond funds (flexibility)
- Multi-asset income strategies

Key Risks

- Credit risk: companies can struggle, spreads widen
- Interest rate risk: longer duration adds volatility
- Complexity risk: secured debt is less transparent
- Liquidity risk: bond markets can become less liquid in stress

Money Wise UK View

The Royal London Corporate Bond Fund is a high-quality, well-established credit strategy that continues to justify its place within portfolios.

What we like:

- Consistent long-term performance
- Clear and repeatable process
- Attractive yield in the current environment
- Evidence of active value add

But the key is positioning.

This is not:

- A “safe” bond fund
- A substitute for gilts
- A flexible, tactical strategy

Instead, it is best understood as:

A core income-generating credit allocation

Final Thought

If you step back, the case for this fund today is arguably stronger than it has been for many years.

Not because the risks have gone away — they haven't.

But because:

- Yields are higher
- Income matters again
- Active management is proving valuable

In a well-structured portfolio, particularly one built around retirement income, this type of fund plays an important role.

Not as the whole solution.

But as a reliable and repeatable building block within it.

Disclaimer

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Review Completed: April 2026