

The logo for Money Wise UK, featuring the text "Money Wise UK" in a white, sans-serif font, with a registered trademark symbol (®) to the upper right of "UK". The text is set against a blue, brush-stroke style background.

Money Wise UK[®]

Growing together, with integrity and respect



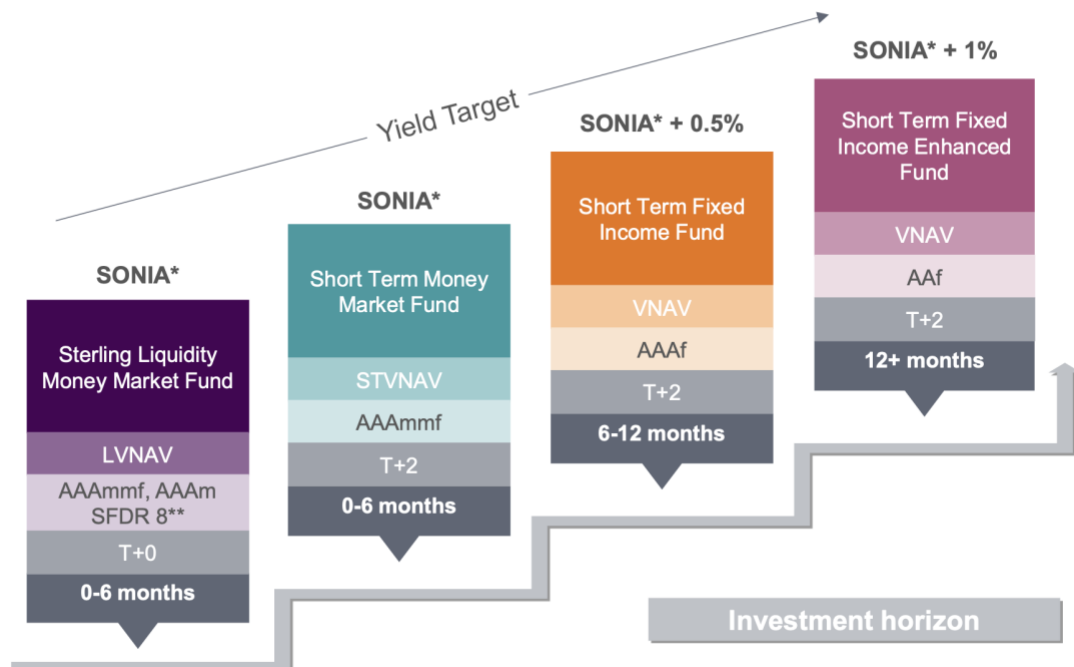
Royal London Short-Term Money Market Fund – Fund Research Summary

Strategy Overview

The Royal London Short-Term Money Market Fund aims to preserve capital and provide income over rolling 12-month periods. To achieve this, it invests at least 80% in cash and cash-equivalent instruments (such as bank deposits, commercial paper, CDs, floating-rate notes and short-dated government bonds). Its reference benchmark is SONIA (Sterling Overnight Index Average), which it generally outperforms before fees. The fund has no fixed return target beyond its income objective and capital preservation mandate.

This fund is one of Royal London's liquidity solutions, with assets of about £9.66 billion as of October 2025. The strategy goes beyond traditional cash by selectively including high-quality corporate credit and covered bonds to lift yield and diversify exposure. In practice the portfolio is very conservative and liquid: over 70% is held in cash and bank deposits, roughly 20% in covered bonds, and small allocations to treasury bills and supranational paper. Owing to this mix, the fund's weighted-average maturity is very short (around 54 days, with no security beyond 397 days to maturity). This structure underpins yield stability, low volatility and capital resilience even as interest rates move.

Range of funds



Team

The fund is co-managed by Royal London's veteran cash-and-rates team. Tony Cole is the named Lead (Senior) Fund Manager, with Royal London since 2015, and Craig Inches is Deputy (and co-Lead) Fund Manager, on the strategy since 2010. Both have over 25 years of industry experience. A newer team member, Adeline Derain, joined as an Assistant Fund Manager in February 2025. The team is supported by Royal London's broader Fixed Income resources – including government bond research, credit research and an in-house economist – in addition to dedicated cash-market analysts.

Our Fixed Income and Private Assets team

Will Nicoll Chief Investment Officer									
Rates & Cash		Credit		ABS / Leveraged Finance		Private Assets		Solutions	
Craig Inches Paul Rayner Tony Cole Gareth Hill Ben Nicholl Adeline Derain David Sweet 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 Dilawer Farazi Gary Ewen Seema Sopal Alok Bedekar Khuram Sharih Rob Perry	Sebastien Poulin Sunil Patel Tom Elliott Alex Robertson Demi Ogunwusi Ben Evans Apeksha Mantri Patrick Doherty Ellie McCarthy Murray Watson	Ewan Macaulay Peter Manners-Smith Shailendra Shah Matthew O'Sullivan Jason Vickers Libby Thelwall Marco Morandi Stephen Coghill Ned Orange	Stephen Ruggiero Tim Tien 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)			
Experienced, stable and collegiate									

Team continuity is a notable strength. Cole and Inches have managed the fund together for nearly a decade, and there have been no recent leadership changes. Royal London maintains formal succession plans, documented investment viewpoints and collaborative processes so that any future manager transitions should be smooth. In short, investors can expect an experienced and well-supported team, with deep knowledge of money markets and cash management.

Process

Investment decisions are driven by the fund managers under a disciplined framework. The team meets frequently (typically weekly) to review relative value across the cash market: comparing instruments like banker's acceptances, certificates of deposit and short bonds on risk-adjusted yield. No algorithmic trading rules are used – every buy/sell is based on the managers' analysis of value. Importantly, every trade is checked for ESG impact and must comply with internal credit limits.

A key feature of the process is ESG integration. The managers use an MSCI-based credit model to maintain an AAA ESG rating on the portfolio. This means they favour issuers with strong ESG scores, allowing larger or longer positions in such names while limiting exposure to lower-scoring issuers (by keeping those positions small or short-dated). The questionnaire notes that ESG is considered on every trade, with the portfolio's ESG score re-tested twice monthly under simulated shocks. In addition to the ratings model, strict exclusion screens are applied: the fund will not invest in companies deriving more than 10%

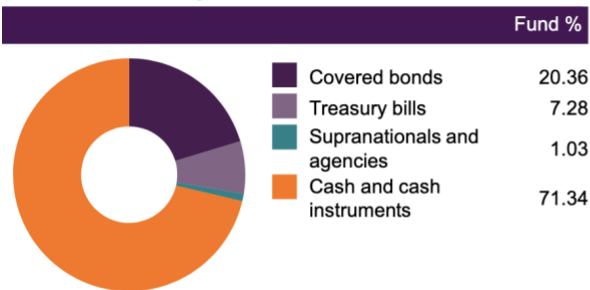
of revenues from armaments, tobacco, or fossil-fuel extraction. This ESG and ethical overlay is an integral part of security selection, not just a sideline.

Risk management is robust. The fund follows UK Money Market Fund regulations exactly: at least 80% of assets are in “eligible” high-quality instruments (minimum short-term rating A-1/P-1 by Moodys/Fitch). Maturities are tightly controlled – no holdings beyond 397 days, with a weighted-average maturity (WAM) capped at 60 days and weighted-average life at 120 days. Ample liquidity buffers are maintained: by rule at least 15% of the fund must be in instruments maturing within one week, and 7.5% within one day. (In practice the fund holds about 71% in cash or cash equivalents.) Portfolio risk is monitored continuously by an independent risk team. All these measures ensure the portfolio remains highly liquid and low-volatility, consistent with its capital-preservation goal.

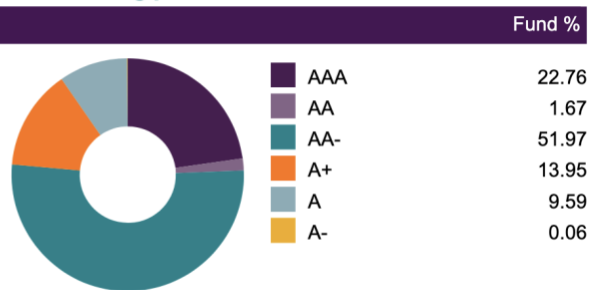
Portfolio

As of late 2025, the fund’s portfolio is heavily cash-weighted.

Asset allocation profile



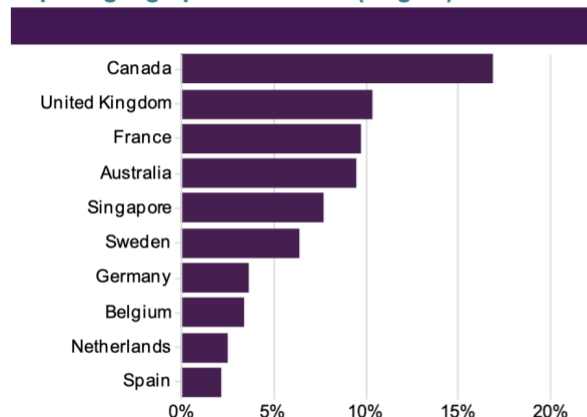
Credit rating profile



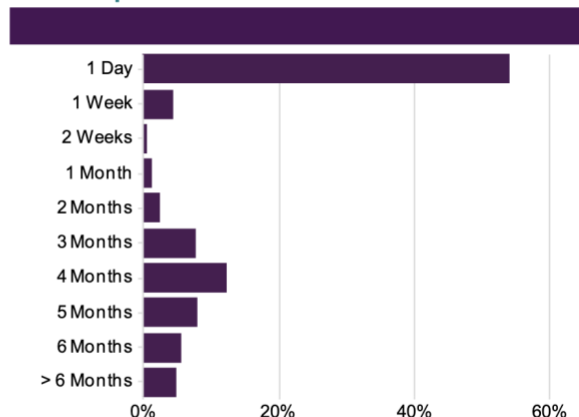
The largest allocation (~71%) is in cash and deposits. Among the remaining fixed-income holdings, covered bonds comprise about 20% and UK Treasury bills about 7%. The rest is spread across short-dated floating-rate notes, supranationals and other high-grade issuers (with typically A to AAA credit ratings). Credit quality is very high: roughly 75% of credit exposures are AAA or AA-rated.

Geographic risk is diversified as well: while some exposure is to UK and European issuers, significant allocations (e.g. 12% Canada, 11% France, 11% Australia) spread the portfolio across strong global issuers.

Top ten geographic allocation (ex gilts) %



Duration profile



The weighted-average maturity is about 54 days, and no security in the fund exceeds 397 days by regulation. These short durations keep interest-rate sensitivity low. The fund also uses tools like reverse repos (secured funding) and occasionally limited derivatives for cash management, but overall duration and credit exposure are kept minimal. Importantly, the fund has a so-called LVNAV structure: its price is a variable NAV that is allowed to fluctuate within a tight 0.20% “collar” around £1.00. This means that while the NAV can vary slightly, any swing is capped and designed to protect investors’ interests (for example, it avoids surprise dilution). In practice, the NAV has remained extremely stable over time.

Performance

Historically, the fund has delivered steady positive returns (in line with its objective) and generally beaten its SONIA benchmark.

Cumulative performance %

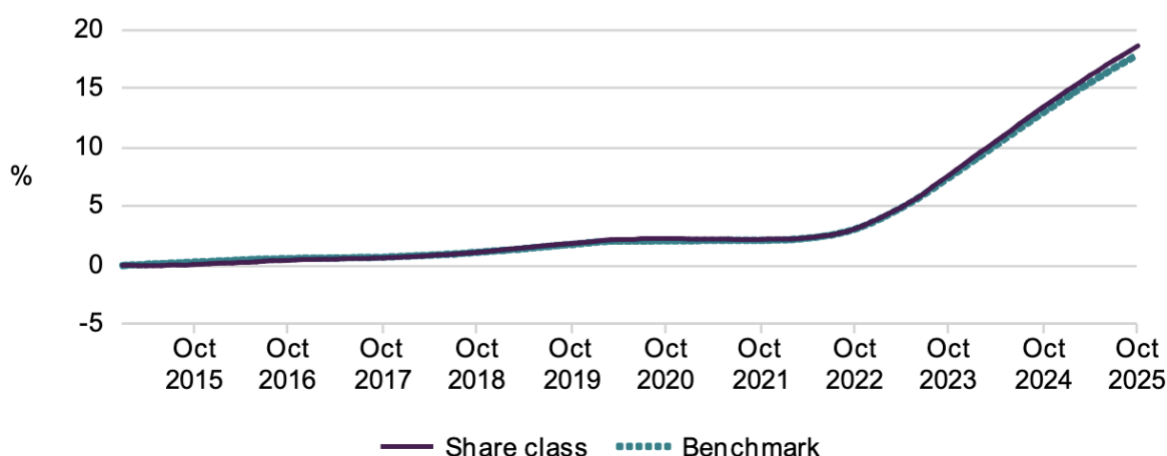
	3M	6M	1Y	3Y	5Y		
Share class	1.05	2.16	4.56	15.06	16.00	4.78	3.01
Benchmark	0.99	2.05	4.35	14.38	15.47	4.58	2.92
IA Sector	0.91	1.94	4.18	13.16	13.68	4.21	2.60
Quartile Rank	1	1	1	1	1	1	1

Annualised %

Year on year performance %

	31/10/2024 - 31/10/2025	31/10/2023 - 31/10/2024	31/10/2022 - 31/10/2023	31/10/2021 - 31/10/2022	31/10/2020 - 31/10/2021
Share class	4.56	5.37	4.43	0.86	(0.04)

Rolling performance



Over the 1-, 3- and 5-year periods to Oct 2025, the share class returned roughly 4.6%, 15.1%, and 16.0% respectively, each time slightly ahead of SONIA (4.35%, 14.38%, 15.47%). The fund also outperformed the IA Short Term Money Market sector in each period, consistently ranking in the top quartile of peers. Its 3-year annualised return of 4.78% (net of fees) exceeded the 3-year SONIA of 4.58%. In recent 12-month slices, performance has been positive in every year: for example, 2023–24 returned +5.37%, and the latest 12 months +4.56%.

This track record reflects the high interest-rate environment and prudent management. In late 2021 the fund's one-year return was modest (about +0.86%) when rates were very low, but as UK policy rates rose through 2022–24, returns climbed (e.g. +4.43% in 2022–23 and +5.37% in 2023–24). Volatility has been very low – it has effectively only moved upward. (As with any fund, past performance is not a guarantee, and returns could be lower if rates fall or in extreme market conditions.)

Macro and Themes

The short-term yields that drive this fund's income have been influenced by shifting central bank policy. In the UK, Bank of England base rates peaked at 5.25% in mid-2023, then were cut to 4.25% in May 2025. Inflation has been moderating but remains around 3.8% in late 2025. Recent market commentary by the fund team notes that this mixed backdrop has kept demand for money-market assets high. Investors saw short-term yields (for example, 1-year CDs) rise further in mid-2025 as expectations for rate cuts were scaled back. Royal London's managers have responded by opportunistically extending the fund's average maturity to lock in these higher yields, even as they await clearer signals on the terminal rate. They believe MMFs still offer "safer and more dependable" returns than riskier assets in the current environment.

More broadly, global fixed income yields (especially long bonds) have surged in 2025 due to inflation concerns and fiscal pressures. That reinforces the relative appeal of short-dated, high-quality assets. Money markets also continue to benefit from strong inflows, as companies and investors park cash to earn 4%+ yields in a low-volatility vehicle. In this climate, the fund's yield-to-maturity of about 4.09% is attractive for a low-risk deposit alternative. Looking ahead, MoneyWise UK notes that if inflation continues to ease, real yields on money-market assets could become positive, but if inflation surprises on the upside there is a risk that the fund's income may lag real returns.

Strengths

- **Capital preservation focus:** The fund is explicitly designed to protect capital. It's very short durations, high credit quality (mostly AAA/AA) and large cash buffer keep portfolio risk minimal. Regulatory controls (UK MMF rules) add further safety.
- **Consistent performance:** It has a long record of delivering positive returns close to prevailing interest rates and has consistently outperformed its SONIA benchmark and peer group over 1–5 year periods. Historically, rolling 12-month returns have been stable and rarely negative.
- **Experienced, stable team:** Led by Cole and Inches (each with 25+ years' industry experience) with no recent turnover, the fund benefits from a deep Cash & Rates team and specialist credit support. Royal London's formal succession planning also mitigates key-person risk.
- **Rigorous process & ESG:** The managers use a disciplined investment process with strict ESG integration – targeting a AAA portfolio ESG score and applying screens against tobacco, weapons and fossil fuels. This adds non-financial oversight to security selection.
- **High liquidity and accessibility:** Cash and very-short instruments are 100% liquid, and UK MMF rules require a minimum 7.5% daily liquid buffer. Settlement is T+2 days (typical for UK funds). No redemption gates or additional fees apply under normal

conditions. The fund is open to retail as well as institutional investors: the Y share class is an institutional tranche (0.10% fee, £1m minimum), but retail share classes exist and the fund is ISA-eligible. Costs are very low, with an ongoing charge of just 0.10%.

Risks

- **Interest-rate risk:** Although durations are short, any rate increases would cause slight capital declines on the portfolio's bonds. The fund's value could fall if market interest expectations rise. Conversely, if rates fall, income will slowly decline as maturing positions are reinvested at lower yields.
- **Credit risk:** Though credit is high-grade (predominantly investment-grade, with 0.06% unrated or equivalent), there is some exposure to non-government issuers. A severe default cycle could impact returns, albeit the fund's conservative limits (minimum A1/P1 ratings) reduce this risk.
- **Inflation risk:** If UK inflation exceeds the fund's yield, real purchasing power is eroded. At present inflation (~3.8%) is near the fund yield (4.09%), so real returns are modest. Persistently higher inflation would make preserving capital in real terms more difficult.
- **Regulatory/NAV structure:** As a UK LVNAV MMF, the fund's price can deviate slightly from £1.00 within a 0.20% collar. Investors should note that in extreme conditions the NAV could "float" (i.e. the fund could temporarily suspend the collar to protect liquidity). However, this has been very rare across UK MMFs.
- **Reinvestment risk:** A portion of the fund's yield depends on rolling over maturing paper. If interest rates plunge rapidly, future income will adjust down.
- **Opportunity cost:** By design the fund avoids volatile or high-return assets, so over the long term it will underperform equity or bond funds in rising markets. It is meant as a low-risk anchor, not a growth engine (past performance warnings apply).

Role in Retirement

For retirement portfolios, this fund serves as a low-risk cash/reserve component. It is suitable for short-term cash needs, emergency reserves or bridging liabilities, where safety and liquidity are priorities. Its daily dealing and T+2 settlement mean money is accessible (subject to normal trade cut-offs), unlike term bank deposits that lock cash away. The fund's distributions (income) can help meet living expenses or expenses without eroding principal – and currently yield around 4%, which is significantly higher than most instant-access bank accounts. Importantly, MoneyWise UK notes that the fund aims to maintain stability, not big capital gains, so clients should not expect growth beyond interest earnings.

In effect, the fund can act as a conservative alternative to holding cash on deposit, with the advantage of professional management, diversification and robust regulatory oversight. Its ESG screens may also appeal to retirees with sustainability considerations. However, advisors should caution that in a high-inflation environment, even this fund's returns may not fully protect purchasing power. As a result, it is best paired with higher-return assets (bonds or equities) for long-term goals, while the money-market fund provides liquidity and a buffer against market swings.

Summary / Conclusion

The Royal London Short-Term Money Market Fund is a high-quality, very-liquid cash fund designed for capital preservation and steady income. It stands out for its experienced and stable management team, its low fees and its disciplined process (including strong ESG integration). Over time it has consistently delivered returns above its benchmark and peer average, reflecting a strong credit profile and timely positioning. For MoneyWise UK's independent review, this fund appears well-suited to investors seeking a low-volatility allocation – for example, as a safe harbour for cash or an emergency reserve in retirement portfolios.

However, it remains a cash-oriented tool, not a growth fund. Clients should understand the trade-off: they will earn roughly the short-term interest rate (currently ~4% gross) with minimal risk of capital loss, but limited chance of beating inflation by a large margin. In MoneyWise UK's assessment, the fund's strengths (capital protection, liquidity, low cost) make it a logical choice for the conservative portion of a portfolio, particularly in the current higher-rate environment. As always, suitability depends on individual goals and risk tolerance, but the Royal London Short-Term MMF offers a robust, well-governed option for short-term or low-risk allocations.

Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

Money Wise UK is not authorised or regulated by the Financial Conduct Authority, and this document does not constitute investment advice or a recommendation to buy or sell any fund, security, or financial product.

This review has been prepared for informational purposes only, based on publicly available fund documentation, performance materials, and meetings with the fund manager. Money Wise UK has not received any fee for preparing this review.

Private investors should conduct their own research and seek independent financial advice before making investment decisions. Financial advisers may use this material as part of their own due diligence, but it should not be relied upon as the sole basis for making recommendations.

Review Completed: November 2025