



City Of London Corporation

Client Specified MMF, USDBF & SDBF Rates

Monthly Investment Analysis Review

October 2025

Monthly Economic Summary

General Economy

The UK Manufacturing PMI rose to 49.6 in October, up from 46.2 in September and well above the market expectation of 46.6. The reading marked the weakest contraction since October 2024 as manufacturers recorded the fastest production increase since September 2024, driven by restocking and a tentative pickup in domestic demand. The UK Services PMI rose to 51.1 in October from 50.8 in September, broadly in line with market forecasts of 51. Output continued to grow but only slightly, with the latest increase marking the second weakest since May as many firms cited subdued consumer sentiment and delayed business decisions in anticipation of the November Budget.

Combining the above, the UK Composite PMI rose to 51.1 in October from the four-month low of 50.1 in the previous month, above the consensus of a 50.6. Meaning, lagging one month behind, the UK Construction PMI rose to 46.2 in September from 45.5 in August, its highest in three months but still below the 50.0 mark, signalling continued contraction. The moderation was driven by a slower drop in new work and residential activity, while civil engineering remained weakest and commercial construction saw a faster decline. Order books fell for the ninth straight month but at the slowest pace in that period as firms (mirroring sentiment in other sectors) cited weak demand, client caution and uncertainty ahead of the November Budget.

UK GDP rose by 0.1% in August, following a revised 0.1% decline in July, in line with market expectations. Industrial production, also covering manufacturing output, increased by 0.4%, rebounding from a 0.4% contraction in July. The services sector showed no overall growth for the second straight month and construction output fell 0.3%. Meanwhile, the UK trade deficit widened to £3.4 billion in August, up from a downwardly revised £3.1 billion in July, marking the largest gap since March. Exports fell by 1.2% m/m to £77.4 billion, while imports dropped by 0.7% to £80.8 billion. Goods exports declined by 3.6%, more than offsetting the 0.5% growth in services. On the import side, goods imports fell by 1.2% to £52.4 billion mainly due to lower imports of telecoms and sound equipment from China, while services imports rose by 0.2%.

The UK recorded a 91k rise in employment in the three months to August, following a 232k increase in the previous period. This marks the smallest job creation in four months, as gains in part-time roles and employees aged 65 and over were partially offset by declines in employment among those aged 16 to 64 years. Compared to a year earlier, employment increased by 473k with growth recorded amongst both full-time and part-time workers, including employees and the self-employed. Average weekly earnings including bonuses in the UK increased by 5.0% y/y to £733 per week in the three months to August, up from an upwardly revised 4.8% in the previous period and above market expectations of 4.7%. This marked the fastest pace of pay growth since the three months to May, driven largely by slightly higher bonuses paid in August compared with a year earlier. Public sector pay growth strengthened to 5.8% from 5.1%, while private sector earnings rose by 4.8%, up from 4.7% in the prior period.

The Consumer Price Index was unchanged in September from the previous month, the lowest value since January, after a 0.3% rise in August. The annual inflation rate remained steady at 3.8% in September, unchanged from the previous two months and below expectations of 4%. Transportation prices rose by 3.8% driven primarily by higher costs for motor fuels and air fares. Prices also accelerated in restaurants and hotels and in clothing and footwear. Conversely, inflation slowed in recreation and culture and in food and non-alcoholic beverages. Price growth also eased slightly for housing and utilities. Services inflation was unchanged at 4.7%. Annual core inflation unexpectedly slowed to 3.5% from 3.6%.

The GfK Consumer Confidence Index rose to -17 in October from -19 in September, beating expectations for a decline to -20 and despite concerns over the upcoming Budget. Elsewhere, public sector net borrowing increased to £20.2 billion in September from £15.3 billion in August. This was the highest September borrowing since 2020. Total public sector spending increased by £8.9 billion, driven by higher costs of providing public services, benefits and debt interest. Notably, interest payments on central government debt were higher than in any previous September on record. Meanwhile, total receipts rose by £7.3 billion, reflecting higher revenue from central government taxes and national insurance contributions. Public sector net debt excluding public sector banks stood at 95.3% of GDP.

US Economy

Due to the US government shutdown, the release of the September jobs report had been delayed by the Bureau of Labour Statistics. However, the August figure was revised down to 22k jobs added to economy from the initial 54k reading. Meanwhile, the US economy grew at a 3.0% annualised rate in Q2, rebounding from a 0.5% contraction in Q1 which had been the first quarterly decline in three years. The annual inflation rate in the US rose to 3% in September, the highest since January, from 2.9% in August and below forecasts of 3.1%. Energy prices rose 2.8% y/y, the most since May 2024. Prices also increased slightly faster for new vehicles. Conversely, there was a slowdown for food, used cars and transportation services. Core consumer prices, which exclude food and energy, rose by 0.2% m/m in September, leaving it 2.9% higher on the year.

EU Economy

The annual inflation rate in the Euro Area increased to 2.2% in September from 2.1% previously. The annual core inflation rate in the Euro Area, which excludes prices of food, energy and tobacco, rose to 2.4% in September, above preliminary estimates of 2.3%. It was the highest core inflation rate since April. GDP in the Euro Area expanded 1.5% y/y in Q2, higher than 1.4% in the initial estimates and following an upwardly revised 1.6% in Q1. The largest contributions came from household expenditure and changes in inventories, followed by gross fixed capital formation, public expenditure and exports. Weighing on overall activity was imports, which trimmed 1.1% from annual growth. Among the bloc's largest economies, GDP expanded 0.2% in Germany, 0.8% in France, 0.4% in Italy and 2.8% in Spain.

Housing

The Halifax House Price Index in the UK rose 0.3% m/m in September easing from 0.4% in August, leaving the annual rate at 2.2%. The UK Nationwide House Price index rose 0.3% m/m in October, beating forecasts of no change, leaving the annual rate at 2.4%.

Currency

Sterling depreciated against the Dollar and the Euro.

October	Start	End	High	Low
GBP/USD	\$1.3506	\$1.3139	\$1.3506	\$1.3139
GBP/EUR	€1.1499	€1.1383	€1.1549	€1.1353

Interest Rate Forecasts

MUFG Corporate Markets and Capital Economics maintained their current forecasts.

Bank Rate													
	NOW	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
MUFG Corporate Markets	4.00%	4.00%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Capital Economics	4.00%	4.00%	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-

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Current Investment List

	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
	MMF Aberdeen Standard Investments	30,000,000	4.07%		MMF	AAAm		
	MMF CCLA	25,000,000	4.02%		MMF	AAAm		
	MMF Deutsche	30,000,000	4.07%		MMF	AAAm		
	MMF Federated Investors (UK)	35,600,000	4.08%		MMF	AAAm		
	MMF Invesco	57,900,000	4.09%		MMF	AAAm		
	USDBF Aberdeen Standard Investments	58,781,741	4.74%		USDBF	AAAf		
	USDBF Federated Sterling Cash Plus Fund	29,372,863	4.60%		USDBF	AAAf		
	USDBF Payden Sterling Reserve Fund	70,780,395	5.34%		USDBF	AAAf		
	Standard Chartered Bank	20,000,000	4.54%	17/02/2025	17/11/2025	A+	0.002%	430
	Toronto Dominion Bank	10,000,000	4.53%	24/02/2025	24/11/2025	A+	0.003%	303
	Goldman Sachs International Bank	20,000,000	4.60%	21/02/2025	28/11/2025	A+	0.004%	708
	Rochdale Metropolitan Borough Council	10,000,000	4.75%	06/03/2025	08/12/2025	AA-	0.002%	0
	Doncaster Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	15/12/2025	AA-	0.003%	0
	United Overseas Bank Ltd	20,000,000	4.28%	07/05/2025	07/01/2026	AA-	0.004%	826
	NatWest Markets Plc (NRFB)	20,000,000	4.79%	10/01/2025	12/01/2026	A	0.009%	1846
	United Overseas Bank Ltd	20,000,000	4.25%	17/07/2025	19/01/2026	AA-	0.005%	972
	Australia and New Zealand Banking Group Ltd	20,000,000	4.37%	29/04/2025	29/01/2026	AA-	0.005%	1093
	Lancashire County Council	20,000,000	4.50%	29/09/2025	29/01/2026	AA-	0.005%	0
	DBS Bank Ltd	10,000,000	4.11%	12/08/2025	12/02/2026	AA-	0.006%	632
	NatWest Markets Plc (NRFB)	20,000,000	4.47%	13/02/2025	12/02/2026	A	0.013%	2629
	United Overseas Bank Ltd	20,000,000	4.30%	18/06/2025	18/02/2026	AA-	0.007%	1336
	Goldman Sachs International Bank	20,000,000	4.15%	31/07/2025	27/02/2026	A+	0.015%	3009
	United Overseas Bank Ltd	20,000,000	4.20%	28/07/2025	27/02/2026	AA-	0.007%	1445

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Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
Australia and New Zealand Banking Group Ltd	10,000,000	4.40%	03/06/2025	03/03/2026	AA-	0.007%	747
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.37%	05/06/2025	05/03/2026	A+	0.016%	3160
United Overseas Bank Ltd	10,000,000	4.17%	12/08/2025	12/03/2026	AA-	0.008%	802
Walsall Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	13/03/2026	AA-	0.008%	0
Australia and New Zealand Banking Group Ltd	45,000,000	4.18%		Call185	AA-	0.011%	5056
Goldman Sachs International Bank	20,000,000	4.16%	04/07/2025	05/05/2026	A+	0.024%	4703
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.026%	5284
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.31%	09/06/2025	09/06/2026	A+	0.028%	5587
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	15/07/2026	A+	0.032%	4873
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	16/07/2026	A+	0.033%	4892
NatWest Markets Plc (NRFB)	30,000,000	6.40%	07/08/2023	07/08/2026	A	0.035%	10619
Standard Chartered Bank	25,000,000	4.03%	29/10/2025	28/10/2026	A+	0.046%	11440
Borrower - Funds	Principal (£)	Interest Rate	Start Date	Maturity Date			
L&G	82,209,582	7.11%					
ROYAL LONDON	82,302,858	7.95%					
Total Investments	£1,001,947,439	5.00%					
Total Investments - excluding Funds	£837,434,999	4.50%				0.015%	£72,393
Total Investments - Funds Only	£164,512,440	7.53%					

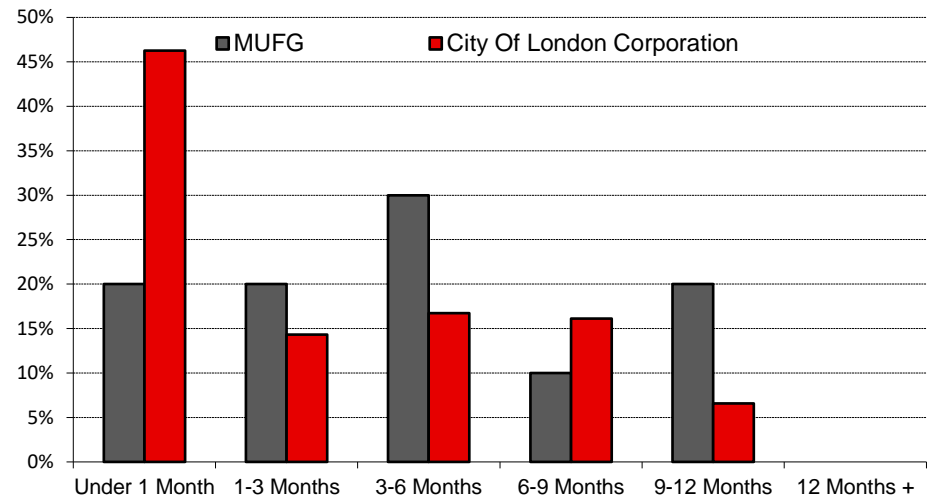
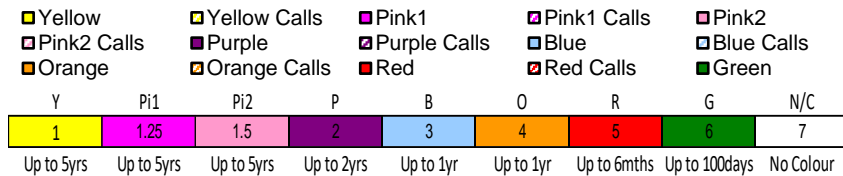
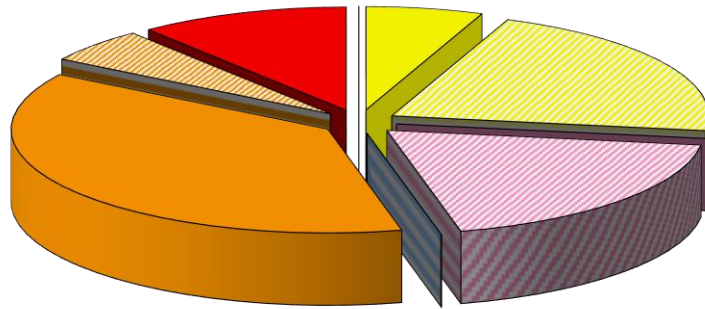
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2024 for Fitch, 1983-2024 for Moody's and 1981-2024 for S&P.

Where MUFG Corporate Markets have provided a return for a property fund, that return covers the 12 months to September 2025, which are the latest returns currently available.

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Portfolio Composition by MUFG's Suggested Lending Criteria



Portfolios weighted average risk number = 2.81

WARoR = Weighted Average Rate of Return

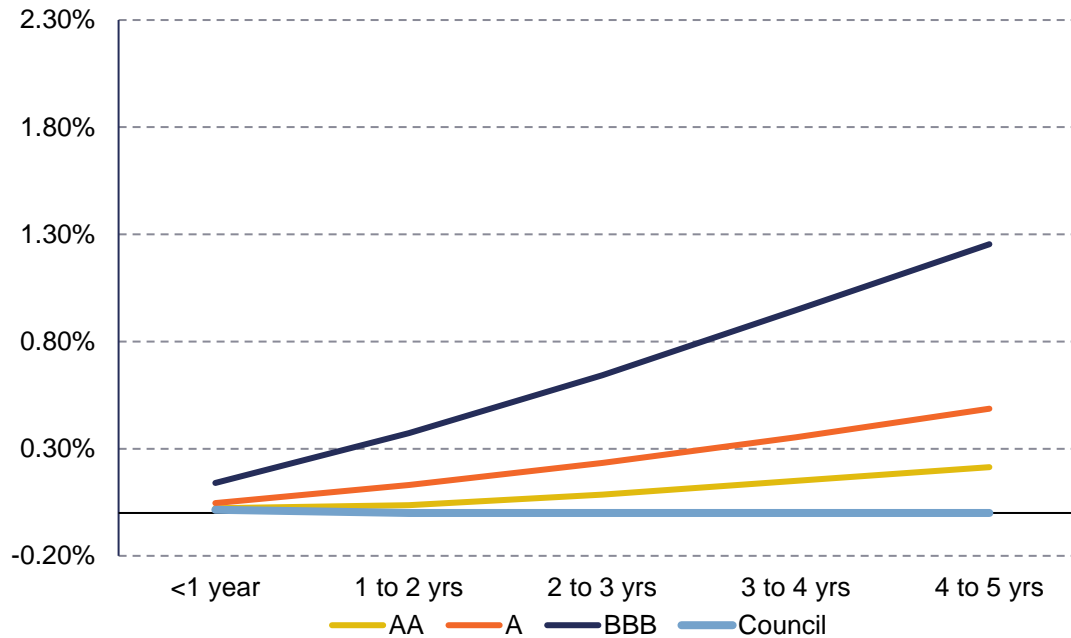
WAM = Weighted Average Time to Maturity

Excluding Calls/MMFs/USDBFs										
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution
Yellow	27.29%	£228,500,000	78.12%	£178,500,000	21.32%	4.20%	17	51	79	232
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	18.98%	£158,934,999	100.00%	£158,934,999	18.98%	4.98%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	42.99%	£360,000,000	12.50%	£45,000,000	5.37%	4.55%	150	362	145	388
Red	10.75%	£90,000,000	0.00%	£0	0.00%	4.24%	160	298	160	298
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£837,434,999	45.67%	£382,434,999	45.67%	4.50%	86	202	141	353

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Investment Risk and Rating Exposure

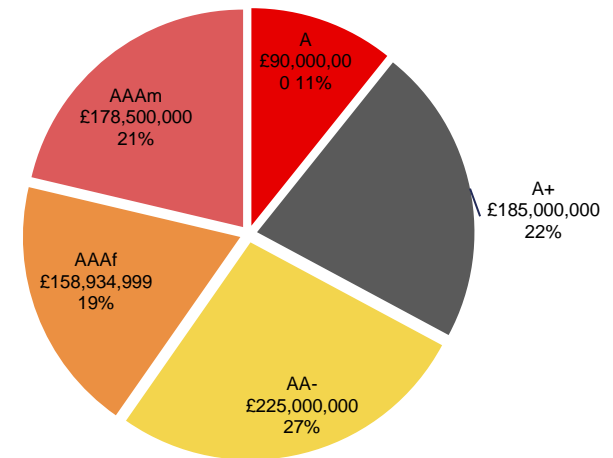
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.35%	0.49%
BBB	0.14%	0.37%	0.64%	0.95%	1.25%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

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Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
				There were no changes to report.

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Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
20/10/2025	2098	France (Sovereign Rating)	France	The Short Term and Long Term Sovereign Ratings were downgraded to A-1 and A+ from A-1+ and AA- respectively. The Outlook on the Long Term Sovereign Rating was changed to Stable from Negative.
30/10/2025	2101	Clydesdale Bank PLC	United Kingdom	The Long Term Rating was upgraded to A+ form A.

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Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
20/10/2025	2097	Close Brothers Limited	United Kingdom	The Long Term Rating was downgraded to A3 from A2 and the Short Term Rating was downgraded to P-2 from P-1. The Negative Watch on the Short Term and Long Term Ratings was also removed and the Long Term Rating was placed on Negative Outlook.
27/10/2025	2099	France (Sovereign Rating)	France	The Outlook on the Sovereign Rating was changed to Negative from Stable.
29/10/2025	2100	Societe Generale	France	The Outlook on the Long Term Rating was changed to Negative from Stable.

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