Royal London Absolute Return Government Bond Fund

Quarterly Investment Report

30 June 2026

Quarterly Report

The fund as at 30 June 2026

The purpose of this report is to provide an update on the Royal London Absolute Return Government 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 provide absolute positive capital growth. The Fund seeks to achieve its investment objective by outperforming its benchmark, the Sterling Overnight Index (the "Benchmark") on an annual basis by +1.5 - 2.5% over rolling three year periods and aims to provide positive performance over 12 month periods. The Benchmark is an index which tracks overnight funding rates in the Sterling market. For non-Base Currency Classes, an appropriate rate is used as a substitute for the Benchmark for each relevant Class currency. Investors should note that the Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark.

Fund value

	Total £m
30 June 2026	1,018.21

Asset allocation

	Fund (%)
Conventional credit bonds	36.49
Money Market Instruments	29.05
Conventional gilts	16.42
Index linked foreign sovereigns	8.19
Index linked gilts	6.07
Conventional foreign sovereigns	3.78

Fund analytics

	Fund
Fund launch date	17 November 2014
Fund base currency	GBP
Benchmark	Sterling Overnight Index Average (SONIA)

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.88	0.92	0.97
YTD	2.27	1.83	0.44
1 Year	4.99	3.87	1.12
3 Years (p.a.)	6.72	4.57	2.15
5 Years (p.a.)	4.88	3.42	1.46
10 Years (p.a.)	3.04	1.88	1.16
Since inception (p.a.)	2.73	1.68	1.05

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 GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 17 November 2014.

Performance commentary

Over the quarter, the portfolio delivered a positive return, outperforming the cash benchmark. When considering cumulative performance, the portfolio has outperformed the benchmark over one year – in our view it is important to view these results in the broader context of global bond and index-linked indices, which, during a year dominated by geopolitical risks, posted returns of notably lower than the fund's return.

Liquidity

The principal driver of overall returns remained the fund’s holdings in cash instruments. These benefitted from a repricing of UK base rate expectations. Earlier in the quarter the market was pricing between three and four rate hikes from the BOE, but by the end of the period, was pricing a single hike this year. The fund’s cash exposure is diversified across high-quality covered bonds, offering dual recourse, and traditional money market instruments such as certificates of deposit and commercial paper. This positioning typically enables the portfolio to generate a yield premium over SONIA, and the fund's diversification reduces the impact of volatility around the pricing of the Bank of England's next rate move on the overall yield of the fund.

Short Term Fixed Income

During the quarter, the performance contribution from both money market exposure and covered bond holdings was more pronounced this quarter than last. The de-escalation of the conflict in Iran led to a marginal re-tightening of credit spreads and a fall in rates on cash instruments, as market expectations shifted from a pricing a series of base rate hikes, to a more pragmatic response by central banks to the increase in short-term inflation.

Covered bond exposure was the main driver of returns for this part of the portfolio, reflecting that exposure to this area is greater than money market instrument. Covered bonds lagged fixed rate instruments given the decrease in yields but continued to produce an attractive income.

Performance and activity

Performance commentary (continued)

Global Alpha Strategies

Duration positioning performed strongly throughout the quarter, as yields across the fixed income spectrum fell in response to positive developments in the Middle East, with the fund maintaining a long duration throughout, primarily via short-dated UK bonds and Australian securities.

The duration ranged from roughly one and a quarter years long to two years long. Whilst the fund maintained this long duration stance throughout the quarter, we actively traded the exposure during bouts of volatility induced by newsflow largely related to the conflict, but also in reaction to central bank rhetoric. The longest fund stance was over two years long in mid-May as yields reached their peak, before rallying as market expectations around a resolution between the US and Iran grew. Additionally, gilt yields reacted positively as Andy Burnham (likely the next UK Prime Minister) clarified previous statements on his commitment to the UK's fiscal rule framework, and the role financial markets play.

Having been the biggest alpha contributor to performance during the first quarter, curve strategies were only a small contributor in the second quarter. Following strong first quarter performance, we reduced exposure to UK flatteners and European steepeners, but also entered into US yield curve steepeners. A strong performance from the Japan curve flattener in the latter part of the quarter was offset by continued steepening in the US, resulting in a flat contribution from yield curve strategies overall.

Cross-market positions, once again, contributed positively to returns. The major shift over the quarter was with respect to the US; the market moved from pricing rate cuts to pricing rate hikes following the appointment of a new Fed Chair, Kevin Warsh, who re-iterated his determination to tackle above-target inflation. This led to underperformance of the US, which saw yields rise over the quarter, versus falling yields elsewhere, benefitting our cross-market shorts versus the UK and Australia. We trimmed both of these trades and ended the quarter with a small long exposure to the US primarily through US TIPS, where real yields had reached levels last seen around Liberation Day in April 2025. Within Europe, we exited a cross-market long in Spain versus France, as the latter suffered from political-induced weakness and moved to a short position in Italy.

Inflation-linked positions marginally enhanced performance, benefitting from tactically trading UK inflation swaps during the bouts of volatility and a position in five-year European inflation versus five-year UK inflation. Towards the end of the quarter, we took advantage of a cheapening of breakevens (largely driven by falling natural resource prices) to open positions in five-year and 30-year US TIPS.

The contribution to returns from relative value strategies was flat over the quarter.

Performance and activity

Return Contribution

	Quarter (bps)	1 year (bps)	Target return (of live trades) (bps)
Cash	89.56	334.66	400.00
Duration	75.83	72.55	18.00
Curve	2.51	33.12	6.00
Cross Market	14.11	24.30	2.00
Inflation	6.75	20.06	21.00
RV	1.03	16.76	2.00
Total	**189.80**	**501.45**	**449.00**

Top Contributors

	Strategy	Q2 Contribution (bps)
Cash	Floating	40.19
Cash	Fixed	37.74
Duration	UK	32.57
Cross Market	US	17.80
Duration	EUR	6.98

Bottom Contributors

	Strategy	Q2 Contribution (bps)
Duration	US	(5.43)
Duration	Japan	(4.28)
Curve	US	(3.17)
Cross Market	EUR	(1.83)
Cross Market	GBP	(1.49)

Performance and activity

Portfolio Exposure

Trades	Position size (yrs)	Net duration exposure (yrs)	Market beta	Target return (bps)
Inflation				
UK forward RPI curve steepener (30y v 40y)	0.20	0.00	0.01	6.00
Short 30y UK RPI	0.20	0.00	0.01	4.00
Long 3yr UK RY	0.05	0.05	(0.01)	1.00
Long 5yr US tips	0.20	0.20	(0.02)	6.00
Long 30yr US tips	0.20	0.20	0.08	4.00
Curve				
Bund 2/10 Steepner	0.18	0.00	0.10	3.00
US 5/30 Steepner	0.15	0.00	0.07	3.00
Cross Market				
Receive UK 10y10y vs US 10y10y	0.10	0.00	0.04	2.00
Relative Value				
Short 10 year German Asset swap	0.20	0.00	(0.05)	2.00
Duration				
Long 5yr Spain	0.17	0.17	0.05	5.00
Long 30yr US (WNs)	0.10	0.10	0.08	2.00
Long 5yr UK	0.34	0.34	0.22	7.00
Long 7y UK	0.05	0.05	0.04	1.00
Long 30y UK	0.20	0.20	0.23	1.00

Performance and activity

Portfolio Exposure

Trades	Position size (yrs)	Net duration exposure (yrs)	Market beta	Target return (bps)
Duration				
Short 10yr UK (Gilt futures)	0.20	(0.20)	0.20	1.00
Short 10yr France (OATs)	0.09	(0.09)	0.07	1.00
Cash				
Cash	0.31	0.31	-	400.00
Overall Net Duration Position	**2.94**	**1.33**	**1.14**	**449.00**

Performance and activity

Asset allocation – duration

	0 -2 yrs	2 -7 yrs	7 - 12 yrs	12 - 17 yrs	17 -22 yrs	22 -27 yrs	>27 yrs	Total
Australia	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Canada	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.04
European Union	(0.01)	0.20	0.00	0.00	0.00	0.00	0.00	0.19
France	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01
Germany	0.17	0.00	(0.36)	0.00	0.00	0.00	0.00	(0.19)
Ireland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Italy	0.00	0.00	(0.10)	0.00	0.00	0.00	0.00	(0.10)
Japan	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Netherlands	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.03
Norway	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Singapore	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.00	0.18	0.00	0.00	0.00	0.00	0.00	0.18
Sweden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	0.18	0.58	(0.31)	0.00	0.23	0.00	0.00	0.68
United States	0.01	0.25	0.00	(0.06)	0.20	0.00	0.00	0.40
Total								1.29

Performance and activity

Asset allocation - inflation

	0 -2 yrs	2 -7 yrs	7 - 12 yrs	12 - 17 yrs	17 -22 yrs	22 -27 yrs	>27 yrs	Total
Australia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Union	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ireland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Italy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Singapore	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	(0.37)	0.05	0.00	0.00	0.00	0.00	0.00	(0.32)
United States	0.00	0.20	0.00	0.00	0.20	0.00	0.00	0.41
Total								0.09

Performance and activity

Stand alone risk contribution

	Quarterly Vol (%)	Annual Vol (%)
Inflation	0.02	0.04
Curve	0.02	0.03
Duration	0.35	0.69
Relative Value	(0.00)	0.00
Cross Market	0.00	0.01
FX Hedges	(0.05)	(0.10)
IOTA	0.00	0.00
Cash	0.13	0.27
Futures	0.00	0.00
Overall Volatility	**0.47**	**0.94**

Risk Model Factor Risk Breakdown

	Standalone Risk Portfolio (bp)	Risk Contribution Portfolio (bp)	% of overall risk
Rates	99.34	96.37	102.31
Inflation	18.96	(3.53)	(3.75)
Spreads	13.34	1.53	1.62
Foreign Exchange	1.99	(0.17)	(0.18)
Time	0.00	-	-
Other	0.00	-	-
Total	**133.64**	**94.20**	**100.00**
Diversification across Risk Factors (%)			**(30)**

Performance and activity

Fund activity

Liquidity

We felt that while rising inflation would garner headlines, it was very unlikely to result in significant rate increases from the Bank of England. With market pricing in significant rate increases and pushing yields sharply higher, for example with 100bps increase in one-year CD yields, we felt that there were opportunities to selectively add to longer-dated exposure.

This increase and subsequent retracement in yields available on money market instruments provided opportunities for fund activity over the quarter. Through the first part of the quarter, with yields still looking high and therefore offering value against our models, we were happy to pick up limited issuance of one-year paper from issuers that scored well on our credit and ESG criteria, Bank of Montreal, Rabobank and Standard Chartered.

Short Term Fixed Income

Covered bonds from favoured issuers are always attractive for the fund, and remain a significant part of the portfolio given the AAA rated, dual recourse nature of the bonds. Their eligibility as collateral means that some buyers are less price sensitive, and we therefore take a very selective approach. Over the period, we bought a new issue of five-year covered bonds from Bank of Montreal, also adding Standard Chartered. In addition, we looked for opportunities to switch longer in preferred names, switching out of covereds with less than a year to maturity from Royal Bank of Canada, Toronto Dominion Bank and Bank of Nova Scotia and reinvesting in 2031 bonds from the same issuers.

Global Alpha Strategies

Markets continued to experience elevated volatility, largely driven by events in the Middle East and associated newsflow. Markets were largely trading on a beta to the oil price, impacting the pricing of future monetary policy moves from the major central banks. The fund took advantage of this volatility through buying and selling yields outright, tactically trading US 1y1y swaps, UK futures, US tips, and futures within Europe.

Early in the quarter, profits were taken on German 5s30s yield curve steepener, later re-established 2s10s space, and by the end of the quarter the fund had fully exited a long-standing Japan curve flattener, having previously trimmed in April and opened a curve steepener in the US.

There was a relatively large shift in geographic exposures, most notably in the UK and US. The funds exposure to the UK was reduced in May, partly through switching into the US and partly through outright sales of the UK via 1y1y swaps and gilt futures. The shift to a long in the US was also accomplished via a reduction in the long Australia versus US cross market as well as buying into the US outright via 10-year futures.

As European supply resumed in May, we participated in new issues from Spain and Portugal, selling Italy to limit the duration impact and holding on to the short in Germany. We took profits on these new issues over the course of June.

With UK inflation expectations remaining elevated we sold UK inflation relative to Europe in April and also sold five-year outright. These positions were closed when UK inflation underperformed after two downside surprises on UK inflation data. Towards the end of the quarter the overall short exposure to inflation was reduced through the purchase of five-year and 30-year US real yields.

Relative value activity was limited to a long position in 30-year gilt asset swaps in April which was closed profitably.

Market commentary

Market overview

Headlines and markets were dominated by the US and Iran during the past quarter. The disruption to oil supply via the Strait of Hormuz pushed oil prices to levels last seen following the Russian invasion of Ukraine in 2022. Although a ceasefire was announced towards the end of the period, causing prices to ease, these remain above pre-crisis levels.

From a macroeconomic perspective, growth forecasts remain subdued, and inflation remains above central bank target levels. The major change over the quarter was central bank rate expectations. At the start of the period, markets were pricing in multiple hikes in the US, euro zone and UK, but these expectations were tempered as the period progressed – with the changing outlook for inflation, driven by commodity prices, the key driver of markets over the quarter.

In the wake of the conflict in the Middle East, business surveys pointed to slower growth in Q2. The UK and euro area composite PMI business survey data indicated a modest contraction in private sector output. The US composite PMI held up better, above 50 and rising over most of Q2. Manufacturing was supported by firms bringing forward activity ahead of expected price rises and potential shortages. However, as tensions in the Middle East calmed and the oil price fell, the June survey data pointed to some unwind of that support.

Higher oil and gas prices pushed up headline inflation across most economies, primarily via fuel and energy-related components. Business surveys also pointed to a squeeze on input costs and a deterioration in delivery times, reflecting supply chain disruptions. By June, however, there were signs of easing supply chain disruptions following increased shipping flows through the Strait of Hormuz.

Political uncertainty rose in the UK, where poor local election results were ultimately followed by the resignation of UK Prime Minister Keir Starmer. By the end of the quarter, former Greater Manchester Mayor Andy Burnham was widely expected to succeed him.

Government bond markets remained volatile during the second quarter as markets balanced persistent inflation pressures, shifting central bank rate expectations and ongoing geopolitical uncertainty. However, markets moved away from the sharp repricing seen in the first quarter, with some support returning to duration by quarter end as energy prices retreated, and fears of a prolonged oil and gas supply shock eased. Yield movements were driven less by expectations of imminent rate cuts and more by reappraisal of the need to hike rates to combat rising inflation. Short-dated bonds experienced the largest swings in yields as markets reassessed monetary policy paths, while volatility in longer-dated yields also reflected concerns around potential changes to fiscal policy in the UK.

In the UK, 10-year gilt yields rose above 5% during May before retracing some of those gains, ending June at 4.76%. US Treasury yields also moved lower over the quarter, with the 10-year treasury yield ending June at 4.44%. Across Europe, government bond markets experienced similar volatility as markets adjusted expectations for the pace of future policy easing. The German 10-year bund yield was 2.87% at the end of the second quarter, down from 2.98% three months prior.

The sterling investment grade credit market (iBoxx non-gilt index) returned 2.64% over the period under review. Spreads ended the second quarter at 0.76% (iBoxx), compared to 0.85% (iBoxx) at the end of March.

Economic overview

The US Federal Reserve kept rates on hold in both April and June. The June participant projections, however, showed nine out of 18 participants pencilling in a 2026 rate hike alongside upward revisions to the median inflation forecast, although the projections would not have fully reflected the fall in the oil price seen later in the quarter. Kevin Warsh replaced Jerome Powell as chairman of the US Federal Reserve and in June held his first press conference. He avoided giving guidance on the path for interest rates but struck a more hawkish tone than many anticipated.

US tariff refunds under the IEEPA framework began, but the US announced a new 10-12.5% tariff on a large number of trading partners relating to forced labour in supply chains. US Q1 GDP (released in Q2) grew a respectable 2.1% quarter-on-quarter annualised, after 0.5 % in Q4 (which was affected by the government shutdown). Business surveys continued to signal solid growth in Q2.

The European Central Bank (ECB) raised rates by 25bps in June as the inflation impact of higher energy prices showed signs of broadening. Euro area GDP fell 0.2% quarter-on-quarter in Q1, although the fall was exaggerated by GDP volatility in Ireland.

The Bank of England (BoE) kept rates on hold with two members voting for a rate hike. By the end of the quarter, given lower oil prices, markets had lowered expectations of future rate hikes from both the ECB and BoE from levels seen earlier in the quarter. UK GDP growth was strong in Q1 by UK standards, increasing by 0.6% quarter-on-quarter (non-annualised) after 0.1% quarter-on-quarter in Q4. However, business surveys pointed to a significant slowing in Q2.

Market commentary

Labour market trends have diverged somewhat. In the US, employment growth saw signs of increased momentum after a year of subdued employment growth. The euro area unemployment rate remained near historically low levels. However, the UK labour market remained soft. The number of payrolled employees fell on average over April and May, though the unemployment rate was relatively stable. Vacancies have fallen and the PMI employment indicator remained weak compared to other countries.

Headline inflation jumped in most economies, reflecting higher energy costs. In the US, CPI inflation jumped up from 2.4% year-on-year in February to 4.2% year-on-year by May. UK inflation has been bumpy over the quarter but is widely expected to rise after household energy bills reflect higher wholesale prices in July (when the Ofgem price cap updates). In the euro area, higher energy prices pushed inflation from near the 2% target to 3.2% by May.

Outlook

The ongoing global macro environment remains unsettled. Geopolitical risks, ongoing fiscal uncertainty and divergence in global monetary policy drove volatility in both nominal and real yields. More specifically the continued tensions around Iran add an additional layer of uncertainty to the inflation and growth outlook. While markets initially focused on the impact of energy prices and near-term inflation risks, history suggests that prolonged geopolitical shocks tend to act as a drag on global growth, as higher input costs, tighter financial conditions and weaker confidence feed through into demand.

Domestic growth conditions in the UK continue to look subdued. Higher borrowing costs, waning consumer momentum and tighter financial conditions are weighing on activity, and there is limited evidence to suggest a material reacceleration in growth in the near term. As a result, the risk balance increasingly points towards weaker demand rather than persistently overheating economic conditions.

While we have already seen much of the repricing of interest rate expectations play out, we still believe markets are pricing in too much tightening; by quarter end the markets were pricing in around one and a half hikes from the BOE by year end. Having said that, markets are still trying to ascertain when and at what level inflation will peak, and we think it is unlikely that markets can reprice much further until there is clear visibility that inflation has peaked, and what the economic outlook will be for the UK into 2027.

While we remain nimble in trading around this volatility, our central view is that the Bank of England will be on hold through 2026, keeping interest rates unchanged at their current level of 3.75%, before restarting rate cuts in 2027.

As investors move further out along the yield curve, concerns around UK fiscal policy, and debt sustainability continue to be a key driver for both the outright level of yields and the shape of the curve. Supply dynamics remain favourable with little long-dated supply expected for the remainder of the year.

In relative terms, we believe that gilts offer compelling value versus other developed market government bonds, but have started to see value emerge in overseas markets such as the US, particularly through US TIPS.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

TCFD climate report

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.

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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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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.

Derivative risk

This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

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.

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.

Performance to 30 June 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	1.88	2.27	4.99	21.56	26.92
Fund (net)	1.81	2.12	4.67	20.48	24.88

Annualised (%)

3 Years (p.a.)	5 Years (p.a.)
6.72	4.88
6.40	4.54

Year on year performance (%)

	30/06/2025 - 30/06/2026	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022
Fund (gross)	4.99	6.53	8.70	3.71	0.67
Fund (net)	4.67	6.21	8.37	3.40	0.25

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 June 2026. All figures are mid-price to mid-price for the Royal London Absolute Return Government Bond Fund Z Acc GBP share class.

Glossary

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.

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.

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.

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.