For professional clients only, not suitable for retail clients. This is a marketing communication.

Royal London Index Linked 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 Index Linked 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.

Contents

ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund aims to provide a return greater than that of FTSE Actuaries UK Index Linked Gilts (All Stocks) Total Return GBP Index over rolling 5-year periods, through a combination of capital growth and income, after the deduction of charges. The Index has been selected as a target benchmark because it is representative of the type of bonds in which the Fund invests, and it is therefore an appropriate measure for the Fund's performance. The performance comparator for the Fund is the IA UK Index Linked Gilts sector (the "IA Sector").

Fund value

	Total £m
30 June 2026	474.88

Asset allocation

	Fund (%)	Benchmark (%)
Index linked gilts	96.92	100.00
Index linked foreign sovereigns	1.76	-
Index linked credit bonds	1.32	-
Conventional gilts	0.00	-

Fund analytics

	Fund	Benchmark
Fund launch date	15 February 1990	
Fund base currency	GBP	
Benchmark	FTSE Actuaries UK Index Linked Gilts (All Stocks) Total Return GBP Index	
Duration (years)	13.62	13.07
Real yield (%)	1.81	1.75
Redemption yield (%)	1.81	1.75
Number of holdings	39	34

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.43	(1.05)	1.48
YTD	1.11	0.20	0.92
1 Year	2.99	2.13	0.86
3 Years (p.a.)	(0.08)	(1.19)	1.11
5 Years (p.a.)	(7.17)	(7.69)	0.53
10 Years (p.a.)	(1.14)	(1.73)	0.59
Since inception (p.a.)	3.03	2.45	0.58

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 M Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 30 April 2010.

Performance commentary

The fund produced a positive absolute return for the quarter, with official returns ahead of the benchmark, while on an underlying basis, which removes timing differences between fund and index pricing, returns were negative but still ahead of the benchmark over the quarter.

The fund was able to produce positive returns despite the benchmark seeing negative returns. UK index linked gilts lagged conventional gilts over the quarter, with the UK market underperforming global peers and the curve steepening. The weakest returns were seen in long-dated index linked bonds, where pressure from weaker long UK real yields was compounded by lower breakeven rates, leaving linkers behind conventional gilts.

Relative outperformance was driven by tactical duration positioning and overweight positions in the US and Australia, where real yields fell over the quarter. Tactical holdings of gilts around supply events also added value, while conventional gilts were used to trade duration selectively at times when breakeven rates appeared high.

This combination of active duration management, cross-market allocation and tactical use of gilts helped offset some of the pressure from the steepening UK curve and weaker long-dated index linked performance.

Performance and activity

Fund activity

Our long duration position was maintained through the quarter as a whole as we believed real rates globally looked cheap and that ultimately the Middle East conflict would see weaker economic growth and central banks resume cutting rates. This position was traded between 0.2 of a year long and taken as long as 0.8 years long. We extended the position by adding gilts given the belief that breakevens were at high levels.

Having begun the quarter overweight the US, this position was sold as TIPS outperformed global peers. As the rhetoric from the Fed became more hawkish, seeing up to two rate hikes priced into the market, and breakeven rates back to levels prior to the conflict in the Middle East, we moved towards an overweight position in the US during June. Australian bonds performed well despite further interest rate hikes from the Reserve Bank of Australia, we gradually reduced the overweight over the quarter ending June flat to the benchmark.

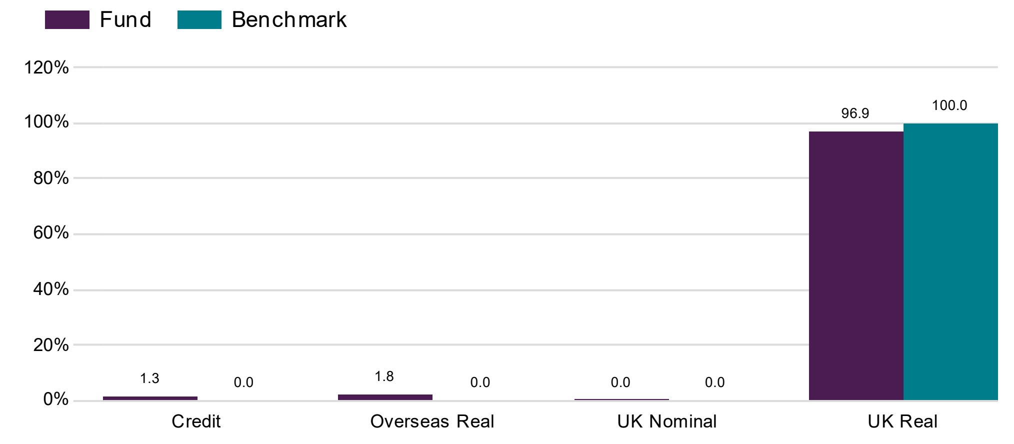
Gilts were held tactically around UK supply events and also to tactically trade duration.

During the quarter, we gradually reduced our exposure to longer-dated UK bonds as the political outlook moved centre stage.

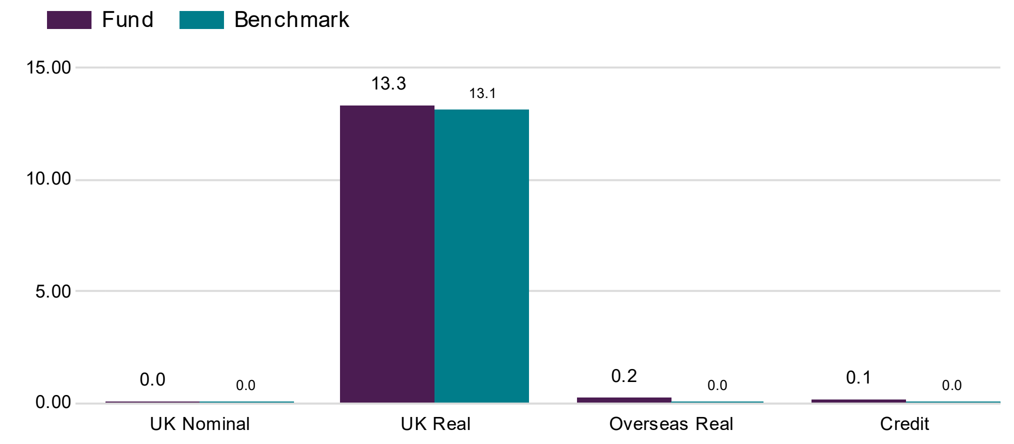
We continue to see value in selective duration exposure and curve opportunities, particularly where recent moves appear to have over-discounted near-term inflation risks relative to the medium-term growth outlook.

Fund breakdown

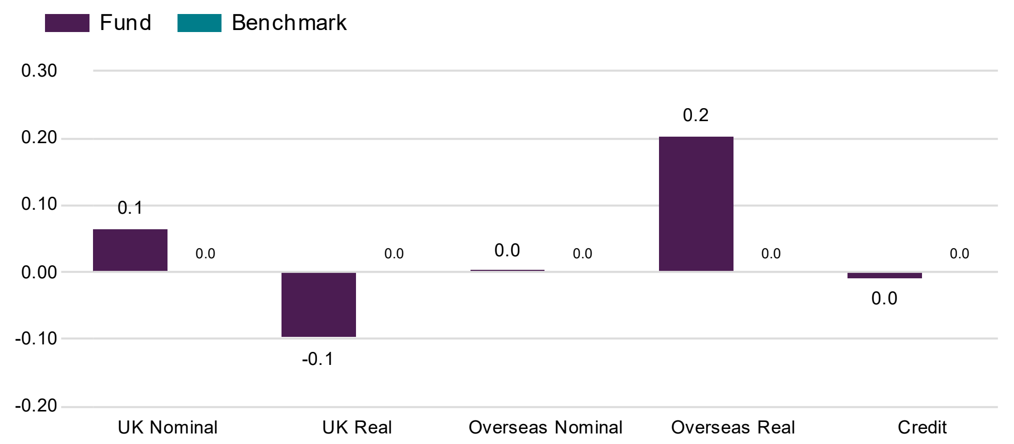
Asset split by percentage



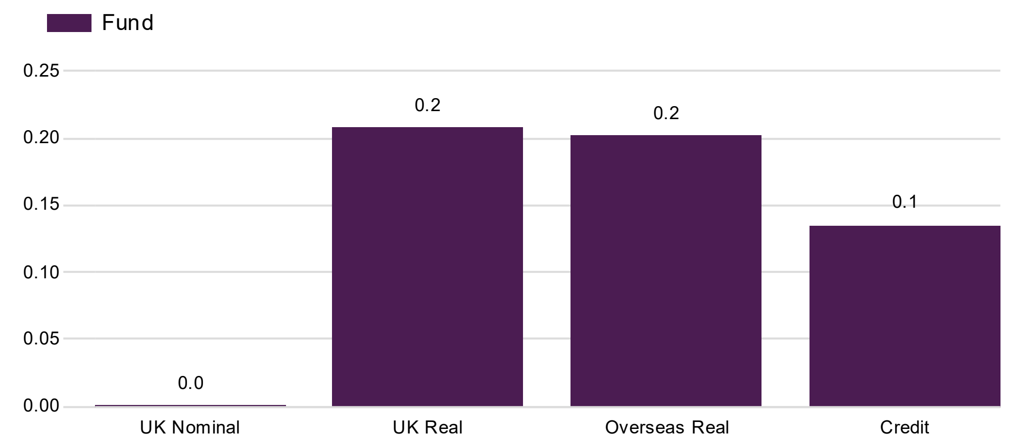
Asset split by duration



Asset split by duration change on quarter

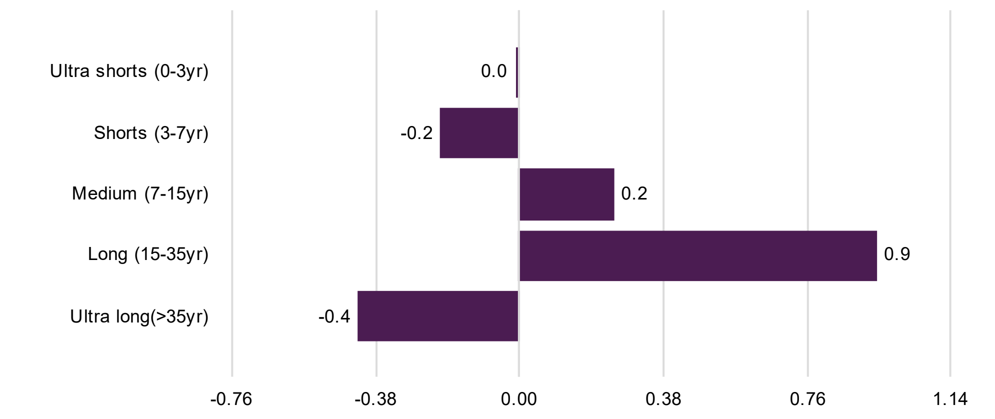


Asset allocation relative to benchmark (duration)



Fund breakdown

Maturity profile relative to benchmark



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 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 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 supply shock eased. Yield movements were driven less by expectations of imminent rate cuts and more by concerns that policy rates may need to remain higher for longer. Short-dated bonds experienced the largest swings as markets reassessed monetary policy paths, while longer-dated yields reflected uncertainty around inflation, growth and fiscal borrowing requirements.

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 higher 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.

Global Index linked bonds recorded positive absolute returns for the quarter, however UK index linked bonds underperformed as political risk premium picked up as the calls for a Starmer resignation grew. Index linked bonds globally underperformed their nominal counterparts as breakeven rates fell in response to the falls in energy prices. US breakeven rates fell 10 basis points over the quarter whilst there were more significant moves in the UK after we saw two misses to the downside on UK inflation data with five-year breakeven rates more than 50 basis points lower on the quarter.

Outlook

The ongoing global macro environment remained 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, and we remain cautious given that the quarter ended with a Bank of England rate hike still priced into markets. Given the continuing changes at the top of UK politics, we believe it is too early for the front end of the market to move meaningfully before there is greater clarity on peak inflation. In our view, there is still further volatility to work through before peak inflation has clearly rolled over.

Market commentary

We still view global real yields as cheap and will maintain a long duration stance. As we have seen breakeven rates fall sharply as oil has retraced, so holdings of conventional bonds will be held more on a tactical basis around supply events.

US TIPS have cheapened recently as rhetoric from the Fed has become more hawkish, so where appropriate, we will look to increase further our weighting in US TIPS. European bonds still look expensive particularly as politics in Italy and France could become a factor as the year progresses, which we will look to monitor.

We have reduced our exposure to the UK, but with an index linked 2031 auction and 2038 syndication due in July we plan to participate in these events to increase the weighting of our UK holdings, though fiscal policy responses will be closely monitored when the new Labour leader is known. We anticipate curves could steepen in the UK and will use any further strength in long-dated assets to move shorter on the curve.

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.

Disclaimers

Important information

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls and written communications may be recorded and monitored. For further information please see the Privacy Policy at www.rlam.com.

Issued in July 2026 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

The Fund is a sub-fund of Royal London Bond Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000797.

The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037.

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.

FTSE indexes and data are an intellectual property of FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Index is calculated by FTSE or its agent.

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

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.

Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

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.

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.

Government and public securities risk

The Fund can invest more than 35% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any EEA State, its local authorities, a third country or public international bodies of which one or more EEA States are members.

Performance to 30 June 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	0.43	1.11	2.99	(0.25)	(31.07)
Fund (net)	0.35	0.96	2.68	(1.14)	(32.12)

Annualised (%)

	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	(0.08)	(7.17)
Fund (net)	(0.38)	(7.45)

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)	2.99	(4.57)	1.50	(14.35)	(19.32)
Fund (net)	2.68	(4.86)	1.20	(14.61)	(19.59)

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 Index Linked Fund M Inc 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.

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.

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.

Index-linked bonds

Have returns that are closely tied to an index of consumer prices/ inflation.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Performance

The Fund price is taken at mid-day using swing prices where applicable, while the index performance is priced at close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons.

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.

Real yield

Real yield shows the inflation-adjusted redemption yield for the underlying fund and therefore does not include the impact of fees. For share class level yields, please see the latest factsheet.

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 equates to its current price, gross of relevant fund management costs and gross of tax.

Rolling 5-Year Period

A rolling 5-year period is any period of five years, no matter which day you start on.

Total return

A total return is a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.