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Royal London Index Linked Fund

Quarterly Investment Report

30 September 2026

ROYAL LONDON
ASSET MANAGEMENT

Quarterly Report

The fund as at 30 September 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.

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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 September 2026	463.54

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)	13.45	12.60
Redemption yield (%)	2.25	1.97
Number of holdings	41	34

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(2.08)	(1.24)	(0.85)
YTD	(0.99)	(1.04)	0.05
1 Year	2.81	2.22	0.59
3 Years (p.a.)	0.35	(0.01)	0.37
5 Years (p.a.)	(7.92)	(8.35)	0.42
10 Years (p.a.)	(2.52)	(2.79)	0.27
Since inception (p.a.)	2.85	2.34	0.52

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 underperformed its benchmark in the third quarter.

There were four key themes driving markets during the quarter. First, domestic politics, including Burnham taking office and the Bank of England's announcement regarding its quantitative tightening (QT) programme, both of which proved supportive for the index-linked market.

Second, rising political tensions in France, where the prospect of a general election has brought fiscal policy and long-term debt sustainability into sharper focus. Third, the ongoing conflict in the Middle East, with a resolution appearing no closer than at the start of the quarter, helping to keep energy prices elevated. Finally, the US Federal Reserve maintained a hawkish stance and ultimately delivered a further interest rate rise.

Against this backdrop, real yields moved higher globally, with the Federal Reserve's policy actions and guidance likely acting as the primary catalyst for the shift.

The UK outperformed many of its global peers during the quarter, benefiting from a period of relative political stability. Markets responded positively to the arrival of Burnham and Chancellor Healy, whose emphasis on fiscal discipline and policy continuity helped reassure investors and support UK government bonds.

Additionally, news regarding the Bank of England’s quantitative tightening programme further supported this.

While index-linked gilts were not included in the Bank of England's quantitative tightening (QT) programme, the announcement that no longs would be sold nevertheless proved supportive for the asset class. It triggered a rally at the long end of the UK yield curve, contributing to the outperformance of UK index-linked bonds relative to global peers.

Higher energy prices supported inflation expectations and kept breakevens well bid throughout the quarter. Nevertheless, index-linked funds lagged conventional bond funds as rising real yields weighed on performance given the long duration.

Against this backdrop, the major central banks held their regular monetary policy meetings during the first half of September and all, to varying degrees, gave a somewhat hawkish message.

The ECB was the first to meet and, as expected, increased rates by 25bps. This was accompanied by hawkish language regarding the near term outlook for inflation – opening the door for further monetary policy tightening before the year is out.

Performance and activity

Performance commentary (continued)

Next up was the US Federal Reserve, who similarly increased rates by 25bps – again as anticipated – and also left the market in no doubt that further hikes were on the table, should they be required.

The fund's underperformance was primarily a result of its long duration position.

The fund increased its duration exposure over the quarter, reflecting our conviction in the longer-term valuation opportunity. However, this positioning weighed on returns, particularly in September as real yields moved sharply higher across global markets.

In addition, US TIPS underperformed during the period. Given the fund's overweight allocation to the asset class, this acted as a further headwind to relative performance. The fund's overweight position in the US primarily reflected a strategic duration view rather than a cross-market allocation decision. As real yields moved higher over the quarter, particularly in September, this positioning detracted from performance.

The fund's long duration positions in the UK and Australia also detracted from performance.

Performance and activity

Fund activity

We extended the fund's duration in the period, as we feel that markets continue to overestimate the extent of future policy tightening. While inflation has remained relatively resilient and economic activity has held up better than expected, tighter financial conditions are increasingly weighing on growth prospects.

The fund remains positioned with a net long duration bias, with the UK remaining the largest geographic position. We continue to believe current sovereign bond yields offer an attractive entry point should growth soften and markets move back towards pricing a lower path for policy rates than is currently implied. Elevated volatility and dispersion across sovereign bond markets continue to create attractive opportunities for active management.

Some of the fund's underperformance was mitigated as we looked to actively trade the market volatility.

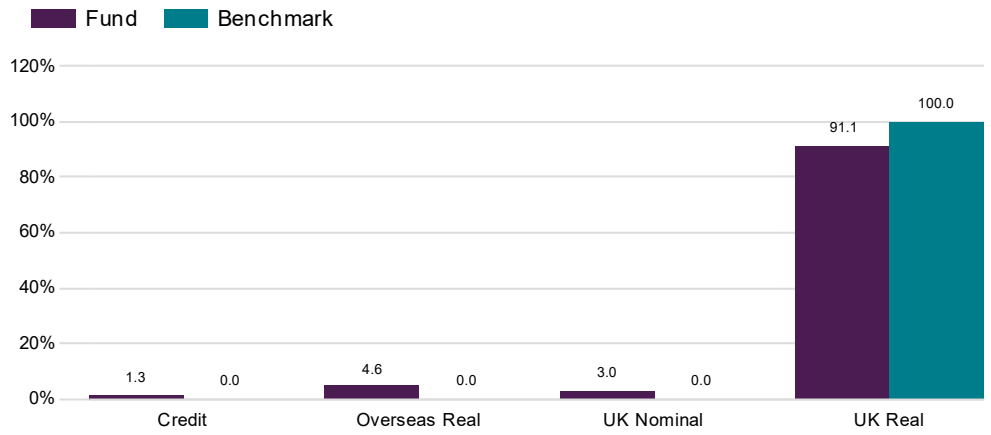
We entered the quarter underweight euro inflation-linked bonds, but as French linkers weakened relative to other markets, we increased our exposure, reflecting the more compelling value on offer. We added 30-year French government bonds to the fund.

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.

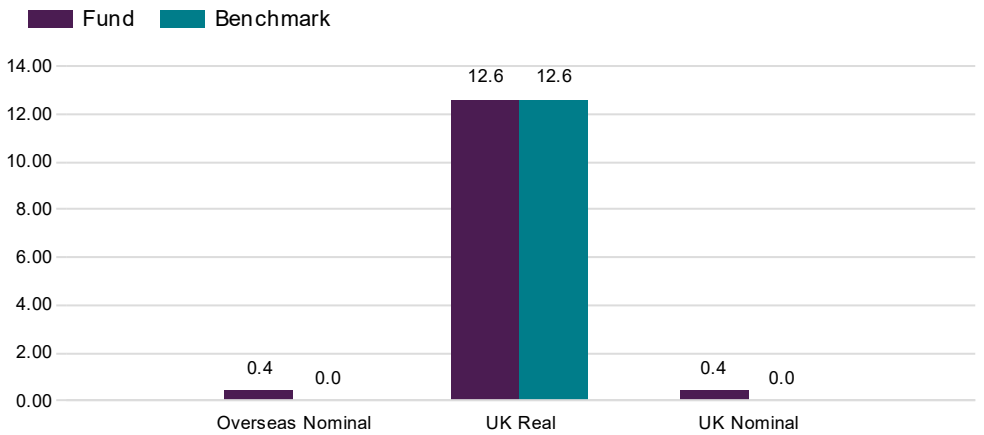
The portfolio finished the quarter with a more diversified geographic profile than it began with. While exposure at the start of Q3 was largely concentrated in the UK and Australia, we added to both US and French inflation-linked bonds during the period, creating a more balanced cross-market allocation, broadening the opportunity set and reducing reliance on any single market.

Fund breakdown

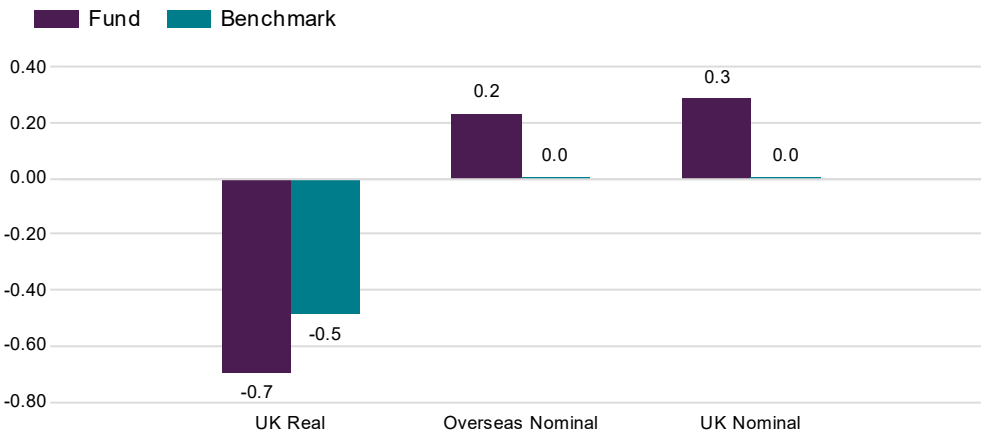
Asset split by percentage



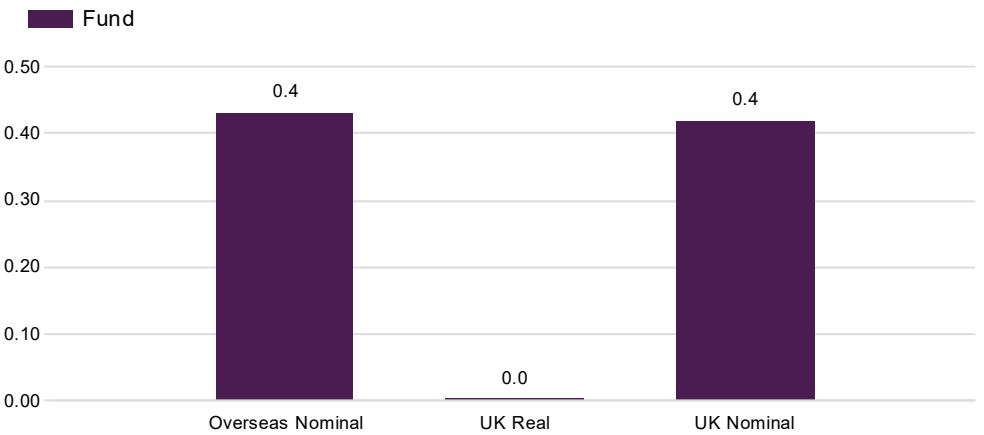
Asset split by duration



Asset split by duration change on quarter

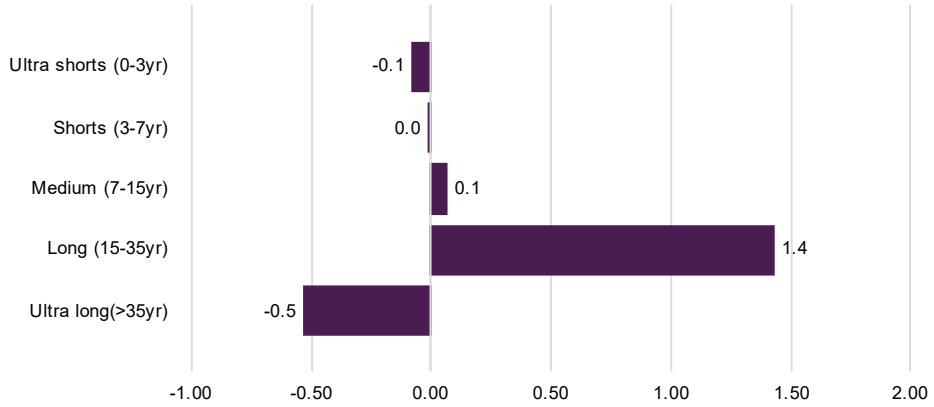


Asset allocation relative to benchmark (duration)



Fund breakdown

Maturity profile relative to benchmark



Market commentary

Market overview

Global economic activity remained resilient over the third quarter amid a more challenging backdrop of higher energy prices, rising government bond yields and renewed monetary policy tightening. Despite ongoing conflict in the Middle East and higher energy prices, business surveys and recent GDP figures look consistent with resilient global activity growth, with some indicators showing some improvement in Q3. US growth continued to be supported by robust household spending and a relatively firm labour market. The euro area also performed more strongly than expected, with second-quarter GDP recording its fastest quarterly expansion in four years, supported by consumption, exports and manufacturing activity.

Oil prices rose over the quarter, ending near $100 per barrel after starting at around $75 per barrel. Increasingly, however, attention shifted to refined products, where price pressures have been even more pronounced over the conflict. Towards the end of the quarter, news broke that US President Trump was contemplating a diesel export ban, adding to European energy price pressure. Given higher energy prices and with indications growing of a strong El Nino event and very dry and hot European summer, worries also grew around the outlook for food prices.

Against a backdrop of intensifying inflationary pressures, major central banks shifted more hawkish over the quarter. The European Central Bank hiked rates once again in September, while the US Federal Reserve also delivered its first rate hike since 2023, with the median FOMC participant indicating another hike later in the year in their forecasts. The Bank of England left rates unchanged in both July and September but expressed growing concern about elevated energy prices and signalled an openness to tighten policy later in the year if energy prices don't fall significantly.

During the quarter, Andy Burnham became UK Prime Minister. The government reaffirmed commitment to the fiscal rules which, alongside higher inflation and higher bond yields weighing on the fiscal headroom, leaves little room for manoeuvre in the October budget. Towards the end of the quarter, Burnham proposed changes to the pension triple lock to help fund new social care policy and indicated a willingness to reassess the UK's relationship with Europe. However, the proposals were light on details and not expected to take effect until after the next election, likely from 2030.

Fixed income markets weakened over the period as persistent inflationary concerns and elevated energy prices prompted investors to reassess the path of monetary policy. Government bond yields rose sharply, particularly at shorter maturities, as markets priced a higher path for policy rates, while longer-dated bonds weakened on fiscal concerns and rising issuance. In the UK, the government's Debt Management Office sold £4.25 billion of July 2036 gilts at an average yield of 5.383% at the end of September, the highest 10-year borrowing cost since 1999. Demand for higher yields reflected ongoing inflation concerns and expectations of increased fiscal spending ahead of the forthcoming Autumn Budget. UK monetary policy expectations also shifted over the quarter and markets started pricing in a 25bps rate hike in November, with roughly four increases priced in by the middle of next year.

In the UK, 10-year gilt yields ended September at 5.43% compared to 4.76% at the end of June. US treasury yields also moved higher over the quarter, with the 10-year treasury yield ending September at 5.28%, having closed at 4.44% at the end of June. Across Europe, government bond yields similarly pushed upwards. The German 10-year bund was 3.55% at the end of September, up from 2.87% three months prior.

Global Index linked bonds recorded negative absolute returns for the quarter, as did UK index linked bonds but were able to outperform their global counterparts as political risk premium picked up in the US and France.

Index linked bonds globally outperformed their nominal counterparts. Yields on 10-year gilts ended the quarter at 1.92%, rising from 1.65% three months prior. In the US, 10-year linker yields rose to 2.92% from 2.21%, while in Germany the yield rose to 1.20% from 0.78%.

The sterling investment grade credit market (iBoxx non-gilt index) returned -1.74% over the period under review. Spreads ended the quarter at 0.80% (iBoxx), compared to 0.76% (iBoxx) at the end of June.

Outlook

Markets remain highly sensitive to developments in the Middle East, with disruption to energy markets continuing to drive volatility across sovereign bond markets. Higher oil and gas prices prompted investors to reassess the inflation outlook and the potential for further monetary policy tightening, contributing to higher bond yields during the month.

While geopolitical developments remain difficult to predict, energy prices are likely to remain an important driver of market sentiment in the near term.

Recent volatility in Europe, including concerns around France's fiscal outlook and rising government borrowing requirements, has highlighted the challenges facing policymakers as growth slows and public finances come under greater scrutiny.

Market commentary

Against this backdrop, we continue to believe current sovereign bond yields offer attractive value and that softer growth should ultimately limit the need for further rate increases over the medium term.

The UK Budget will be a key focus in the coming months. With UK index-linked bonds having performed well during Q3, we may look to trim UK risk ahead of the announcement, reflecting both the market's recent strength and the uncertainty that typically surrounds major fiscal events.

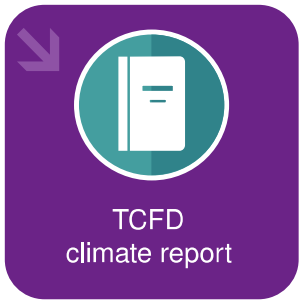
We continue to see attractive value in global inflation-linked markets. US TIPS real yields remain close to historically elevated levels, while Australian real yields also remain compelling. As a result, we are comfortable maintaining a more geographically diversified portfolio and spreading risk across multiple markets.

While performance came under pressure during Q3 as real yields moved higher, we continue to believe that current yield levels offer an attractive entry point for long-term investors.

Further Information

Please click on the links below for further information:





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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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.

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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.

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 September 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	(2.08)	(1.67)	2.81	1.06	(33.83)
Fund (net)	(2.16)	(1.81)	2.50	0.16	(34.83)

Annualised (%)

3 Years (p.a.)	5 Years (p.a.)
0.35	(7.92)
0.05	(8.20)

Year on year performance (%)

	30/09/2025 - 30/09/2026	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022
Fund (gross)	2.81	(8.02)	6.87	(7.72)	(29.05)
Fund (net)	2.50	(8.29)	6.55	(8.00)	(29.28)

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 September 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.