

Royal London Index Linked Bond Fund

30 June 2014



Overview

The fund seeks to achieve a combination of income and capital growth over the medium (5 years) to long (7 years) term. The Index Linked Fund invests in a broad range of UK government index-linked bonds to offer insulation against moves in inflation.

Performance 12 Months Ending

	30/06/14	30/06/13	30/06/12	30/06/11	30/06/10
(Class A Inc)	3.81%	2.64%	13.98%	9.64%	7.94%
(Class M Acc)	3.99%	-	-	-	-
(Class M Inc)	3.93%	2.76%	14.12%	9.85%	6.51%

Cumulative Performance to 30/06/2014

	3 months	6 months	1 Year	3 Years	5 Years
(Class A Inc)	1.79%	4.76%	3.81%	21.45%	43.73%
(Class M Acc)	1.81%	4.80%	3.99%	-	-
(Class M Inc)	1.80%	4.82%	3.93%	21.88%	42.60%
Sector Average	1.68%	4.41%	2.84%	21.03%	42.85%
Quartile Ranking (Class A)	2	2	1	2	2

Mid to mid, net of fees and taxes, net income reinvested unless otherwise stated. Information about past performance is not a reliable indicator of future results. The investor may not get back part, or all, of the amount originally invested. The value of your investment and the income from it is not guaranteed and can fall as well as rise. Please refer to the Key Investor Information Document (KIID) for a list of the relevant risks. This fund converted from a unit trust (bid price) to an OEIC (mid price) on 30th April 2010. This change is reflected in past performance history. All yields are net of expenses and gross of taxes.

Distribution History (Net)

	Jun-14	Dec-13	Jun-13	Dec-12
(Class A Inc)	0.46p	0.45p	0.59p	0.58p
(Class M Inc)	0.57p	0.56p	0.71p	0.68p

Fund Commentary

The rise in gilt yields in June, most marked in the 5 year maturity area at almost 0.2%, was a significant factor in sterling corporate bond returns in the month. Compared to the index return for gilts of -0.53% in June, sterling investment grade corporate bonds posted an index return of -0.33%, with only the insurance and subordinated debt bank sectors managing positive returns in the month. By credit rating, BBB bonds came in with a return of -0.07% while AA bonds' return was -0.45%. This mundane performance in June brings returns in the first half of 2014 to 3.25% and 4.50% respectively for the two asset classes of gilts and sterling corporate bonds.

Fund Overview

General Information

Fund Manager:	Paul Rayner
Fund size (mid basis)	£429.14m
Fund Type	OEIC
Fund domicile	GBR
ISA	Y
Duration	18.4
Benchmark Duration	18.8
Benchmark:	
FTSE® A Index Linked Gilt All Stocks	

Share Class A (Income)

Inception date	30/01/1990
Initial charge	4.00%
Annual mgmt charge	0.40%
Min investment	£1,000
Min monthly contribution	£50
OCF	0.45%
Sedol number	B3MYR65
Mid price	190.10

Share Class M (Accumulation)

Inception date	26/11/2012
Annual mgmt charge	0.25%
Min investment	£100,000
OCF	0.30%
Sedol number	B8DDWW7
Mid price	106.90

Share Class M (Income)

Inception date	30/04/2010
Annual mgmt charge	0.25%
Min investment	£100,000
OCF	0.30%
Sedol number	B3MZ207
Mid price	190.10

Credit Breakdown		
	Fund (%)	Index*(%)
AAA	0.0	0.0
AA	100.0	100.0
A	0.0	0.0
BBB	0.0	0.0
BB and below	0.0	0.0
Unrated	0.0	0.0

*FTSE® A Index Linked Gilt All Stocks (RLAM as at 30/06/14)

Asset Split		
	Fund (%)	Index*(%)
Conventional corporate bonds**	0.0	0.0
Index linked corporate bonds	0.0	0.0
Sterling conventional gilts	0.0	0.0
Sterling index linked gilts	100.0	100.0
Foreign conventional sovereign	0.0	0.0
Foreign index linked sovereign	0.0	0.0
Derivatives	0.0	0.0

*FTSE® A Index Linked Gilt All Stocks (RLAM as at 30/06/14)

**Conventional corporate bond allocation includes exposure to non-sterling credit bonds and certificates of deposits, where applicable.

Top Ten Holdings	
	Fund (%)
UK Treasury 2.5% Index Linked 16/04/2020	10.4
UK Treasury 0.125% Index Linked 22/03/2044	7.8
UK Treasury 0.125% Index Linked 22/11/2019	7.3
UK Treasury 0.75% Index Linked 22/03/2034	7.2
UK Treasury 1.25% Index Linked 22/11/2017	7.0
UK Treasury 0.75% Index Linked 22/11/47	6.8
UK Treasury 0.125% Index Linked 22/03/2029	6.7
UK Treasury 1.125% Index Linked 22/11/2037	5.5
UK Treasury 0.25% Index Linked 22/03/2052	4.8
UK Treasury 0.125% Index Linked 22/03/2068	4.7
Total	68.2
Total No. of Holdings	25

(RLAM as at 30/06/2014)

Maturity Profile		
	Fund (%)	Index*(%)
0-5 years	10.9	10.9
5-10 years	22.5	16.3
10-15 years	11.7	15.1
15+ years	54.9	57.8

Risk Warnings

The issuers of certain bonds could become unable to make income or capital payments on their bonds.

Yield Definitions

The **distribution yield** reflects the amounts that maybe expected to be distributed over the next 12 months. The **underlying yield** reflects the annualised income net expenses of the fund as a percentage (Calculated in accordance with the relevant accounting standards). Both these yields are calculated as a (%) of the mid-price of the fund and are month end snap shots and do not include any preliminary charges and investors may be subject to tax on distributions

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Our ref: 554-PRO-07/2014-DP

Source: rlam, Financial Express and HSBC as at 30/06/2014, unless otherwise stated. Yield definitions are shown above.